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FINAL REPORT

(Internal Research Project)

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Title: Bilingualism and Biculturalism
in the Department of National
Revenue (Taxation Division)

Div: IV Report No. 30



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**BILINGUALISM AND BICULTURALISM
IN
THE DEPARTMENT OF NATIONAL REVENUE (TAXATION DIVISION)**

**Internal Research Project of the Royal
Commission on Bilingualism and Biculturalism**

Peter Pitsiladis

December, 1966.

PREFACE

Origin and Context of the Study. The larger study of organization, ethnic participation and career development was initiated in the summer of 1965. It was designed as a means of furthering the specific research objectives of the Public Service Division and the Commission as a whole. It had been agreed for the purposes of this study that five government departments would be included. The organization, ethnic participation and career development study has two main parts. Part I focuses on the organization of and ethnic participation within the departments, and the service of the departments to the two basic cultures. Part II focuses on the career patterns and perspectives of the French and other Canadian employees within the departments.

The study of the Department of National Revenue (Taxation Division), the subject of this report, is simply an extension of earlier research conducted under Part I. By the end of August 1965, the field work under Part I had been completed in four of the five government departments: Agriculture, Finance, Public Works, and Secretary of State. A brief report was prepared to cover the findings, and

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general conclusions, of the research. In addition, all descriptive and analytic materials were organized into a basic source file for the Public Service Division. In light of the original intention to include a wider, more representative selection of Government departments in the study, the Taxation Division of National Revenue was chosen as the fifth and final department to be studied. The rationale for this choice consisted of five main points:

- 1) the variety and extent of the Division's clientele;
- 2) its regionalized service-oriented organization;
- 3) the technical and administrative character of the Division;
- 4) its ongoing federal-provincial relations; and
- 5) the general maturity of the Division.

Objectives of the Study. The general objectives of the study were identical to those of Part I of the organization, ethnic participation, and career development study:-

- 1) To identify departmental adjustments which already have been made to accommodate Canada's two main languages and cultures; and
- 2) To discuss the potential for, and problems related to, future adjustments.

The general research context and the need for continuity with the studies carried out in the other four Federal Government departments obviously dictated the direction and form of this study. Nevertheless, an effort was made to interpret the general objectives of Part I, in light of the special needs of the Public Service Division in the later research stages. Consequently the following special emphasis or additional aims were developed:-

- 1) To supplement, and give additional dimension to, the findings and conclusions reached on the basis of the study and the four previously mentioned government departments;
- 2) To evaluate the concept of the French language unit as a viable and workable proposition in the Taxation Division.

Both the aims cited above are relatively important. In the first place, conclusions based on the study of the four other government departments were hurriedly developed because of time limitations. In the second place, the French language unit emerged only recently as a potential bilingual and bicultural adjustment strategy and it has yet to be evaluated or tested in terms of any single Government department or agency.

Scope of the Study. A substantial portion of this study is geographically and hierarchically concentrated on the Taxation Division's Head Office. However, unlike prior research in the overall study of organization, ethnic participation and career development, serious attention has been to the all important district operations, particularly in Montreal. The decision to ~~exp~~and the study in this way was made at the suggestion of the Deputy Minister of Taxation; and also because of what was perceived as a curiously recurring imbalance in the data collected in interviews with the senior Head Office officials in Ottawa. The inclusion of the Montreal District Office added appreciably to the perspective of the study and made possible a fuller consideration of the dynamics of bilingualism and biculturalism in the Taxation Division.

The period in the organizational life of the Division covered by the research varies considerably depending on the category of data. In the case of the careers of senior officers, the data extends back to the time and circumstances of their hiring. On the other hand, the data on language usage patterns within the Division, and structural changes, cover just a few years. In most categories, the information

simply provides a picture of the conditions as they existed either at the time of the research or just prior to it. Therefore, the description in this report is, for the most part, presented as a "time-slice" snap shot. No attempt is made to account for the historical development of bilingualism and biculturalism in the Taxation Division nor to predict the direction and tempo of the developments in the future.

The prevailing focus of the report itself is on the operation of the two "sub-systems", the Head Office and the Montreal District Office, in terms of their function, organization, clientele, personnel processes, and linguistic practices. The main body of this report is organized into three sections. Section I is substantive and presents a descriptive overview of the Taxation Division, including the Head Office and the Montreal District Office. Section II is, fundamentally, an evaluation of bilingual and bicultural expression and adjustment within the Division. The final section, Section III, concludes tentatively, and provisionally, with a discussion of the prospects for, and problems of, future bilingual and bicultural adjustments in the Taxation Division. In toto, this report is more descriptive than analytic, and more analytic than prescriptive.

Research Methodology. The methodology used in the study of the Taxation Division approximates the design established for Part I of the organization, ethnic participation and career development study. Specifically, it consists of four interrelated, overlapping, but identifiable phases. Phase I, the first of two successive processes used for data gathering, took the form of a review of published and unpublished information describing the legal basis, function, organization and establishment of the Taxation Division. This phase served as a general orientation to the Division and to the larger governmental framework. Phase II involved loosely-scheduled, semi-structured interviewing of senior departmental personnel (10 in the Head Office and 5 in Montreal). The purpose of these field interviews was to obtain additional, primary data necessary to establish the basis for the subsequent evaluation and analysis.

Each of the interviews was written up in detail and duly appended with any additional descriptive material gathered during the course of the interview. Some 200 pages of primary and secondary data were obtained in this way. Phase III consisted of a general ordering and classifying

of the data obtained. In this phase, a rigorous cross-interview data and perception analysis was performed under relevant classifications; this analysis formed the basis for much of the analysis in the report. Phase IV involved completing the analysis and writing and revising the report.

Limitations of the Study. The major limitations of the study should be clearly noted. First, because of the paucity of critical data, or the unwillingness at times of Taxation Division officials to impart the information required, some of the material supporting this report is unbalanced, that is, the evidence is obviously "thin" in certain respects but abundant in others. Second, although this report is partly devoted to an evaluation of the feasibility of the French language unit in the Taxation Division, none of the information was collected with this specifically in mind; consequently, the "stretching" of field data became inevitable. Finally, none of the recommendations of this report have been empirically tested and for this reason most of them must be regarded as exploratory only.

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SECTION I - DESCRIPTIVE OVERVIEW

THE LEGISLATIVE HISTORY OF THE DEPARTMENT OF NATIONAL REVENUE

The Department of National Revenue, the Canadian Government's central tax collection agency, was officially created under the terms of the Department of National Revenue Act of 1927, later succeeded by the Department of National Revenue Act of 1952. For fifty years after Confederation, the Department of Customs and the Department of Inland Revenue administered the collection of revenues in their respective jurisdictions. In 1917, these two separate agencies were joined by a third, the Income Tax Branch of the Finance Department which had been set up by the Federal Government to tap additional sources of revenue. The centralization of revenue collection activities at the ministerial level was soon to follow. In May 1918, the two older agencies were merged into one department and in 1921 this new department was given the name of Customs and Excise. In April 1924, income tax collection was moved from the Department of Finance to Customs and Excise, centralizing for the first time all tax collection activities under the administration of one department. The National Revenue Act of 1927, which merely involved the change in the Department's

name, clearly designated the amalgamation which had taken place three years earlier. Today, the National Revenue Department, in its entirety, is the third largest of the government departments in terms of staff employed, and is exceeded in size only by the Department of National Defence and the Post Office; as of March 31st, 1963, the department had 14,376¹ salaried employees.

THE TWO DIVISIONS OF NATIONAL REVENUE

The Taxation Division is one of the two divisions which constitute the Department of National Revenue. Like its counterpart, the Customs and Excise Division, the Taxation Division is headed by a Deputy responsible to the Minister of National Revenue. Here, however, the similarity ends; while the Deputy Minister of Taxation has only one assistant^{1a} deputy working under him, his counterpart in Customs and Excise has no less than three such assistants; the Taxation Division is also smaller than Customs and Excise in other respects. It has fewer employees and a smaller expenditure budget. In addition, the rational field structure of the Taxation Division contrasts sharply with that of Customs and Excise: the former has some 30 district offices, each of

1. Canada, Dominion Bureau of Statistics, Canada Year Book (1965), p. 139.

1a. Newspaper reports in December 1966 quoted the Minister of National Revenue as suggesting that one or more positions of "Assistant Deputy" were being planned for the Taxation Division.

which is headed by a Director who reports to the Deputy Minister of Taxation; the latter has collectors of customs at approximately 274 ports of entry who are directly responsible to the Head Office.² Unlike the divisions of many other government departments, these two constituents of the Department of National Revenue operate separately from each other. Beyond the minimal collaboration necessitated by the sharing of a common minister and, in certain areas, common physical facilities, there is virtually little or no administrative interdependence. Staff and service functions found in one are often duplicated in the other. The two divisions are concerned with two unrelated areas of tax administration. Customs and Excise is responsible for the assessment and collection of customs and excise duties as well as sales and excise taxes; consequently its clientele is somewhat different to that of the Taxation Division.

THE FUNCTIONS AND IMPORTANCE OF THE TAXATION DIVISION

The Taxation Division is responsible for the assessment and collection of income taxes, gift taxes, estate taxes, a portion of the old age security tax, and federal pension plan contributions. The following is a list of the acts administered by the Taxation Division:

2. Canada, Royal Commission on Government Organization, Vol. II, pp. 380-381.

Income Tax Act (R.S.C., 1952, Ch. 178)

Dominion Succession Duty Act (R.S.C., 1952, Ch. 89)

Estate Tax Act (R.S.C., 1958, Ch. 29)

Part I, Canada Pension Plan Act (S.C., 1965, Ch. 51)

Old Age Security Act (R.S.C., 1952, Ch. 200)

In addition, under the terms of the Federal-Provincial Tax Collection Agreements 1962, the Taxation Division is responsible for the collection and accounting of provincial income taxes for all the provinces except Quebec. Shown below is a tabular presentation of the effects of the 1962 tax Rental Agreements on the tax collection activities of the Taxation Division.

<u>Tax Categories</u>	<u>Quebec</u>	<u>Ontario</u>	<u>British Columbia</u>	<u>All Others</u>
Personal Income Tax		x	x	x
Corporation Income Tax			x	x
Estate Taxes				x

x - Indicates which types of taxes for which provinces are assessed and collected by the Taxation Division.

The underlying objective of the Taxation Division is to obtain public compliance with tax legislation, both federal and provincial, and the organization and programs of the Division are directed to this end.

Though the functions of tax policy-making and tax collection were formally divorced in 1924, the relationship between the two has been maintained. The Finance Department and the Taxation Division of National Revenue today collaborate in the preparation of tax legislation, but the final responsibility for such legislation rests with the Finance. The Finance Department is concerned with the fiscal policy implications of all tax legislation. The Taxation Division, on the other hand, is concerned with the problems of implementation and administration. The orientation and the structures of the two organizations are radically different: one is small and geographically concentrated; the other large, regionally-oriented and wide-spread; one is a powerful, economic ministry; the other a non-strategic, service agency.

Despite its minor role in relation to national policy development, the activities of the Taxation Division are nonetheless important. The principle source of the Federal Government's budgetary revenues are: personal income taxes, taxes on corporations' profits, and on interest and dividends going abroad, and estate taxes. In the fiscal year, 1963-64, revenues from these sources amounted to 3.3 billion dollars and represented 53% of the Government's budgetary revenue.³

3. Canada, Department of National Revenue, Selected Tax Data (1965), p. 36.

The taxes have a pronounced effect on the level of economic activity and the method by which the related legislation is administered has in turn a bearing on the effectiveness of tax policy.

Government revenues have grown astronomically since the inception of income tax in 1917. Exhibit 1 shows the net revenue collection and related operating data for selected fiscal years from 1917 to 1964. It is clear from this information that societal pressures for increased government participation in the life of the country has raised the concomitant need for greater revenue and a larger organization to administer the collection. While the annual growth in the size and status of the income tax collection activity does not correlate exactly with the growth in revenue collected nor in the work load input (as measured in tax returns filed), the secular connection between the two is obvious. At the same time, the data on personnel employed especially reveals convulsive periods of change in the Taxation Division and indicates how staffing policies, unrelated to actual organizational needs, drastically affected operational efficiency.

TAXATION DIVISION

REVENUES, COST OF COLLECTION, STAFF EMPLOYED AND RETURNS FILED
(Selected Fiscal Years 1917-1964)

Fiscal Year Ended March 31	Net Revenue Collections	Total Cost of Collection	Cost to Collect	T1 and T2 Returns Filed	Total Employees at March 31st*
	\$ million	\$ million	\$100 \$	000	
1917	12.5	.1	.46	Not Available	36
1924	59.0	1.9	3.28	Not Available	1,202
1940	134.4	2.5	1.85	525	1,315
1944	1,635.5	8.0	.49	2,747	5,125
1949	1,368.3	28.1	2.05	3,772	11,704
1952	2,204.0	21.9	.99	4,265	6,265
1960	3,148.2	31.8	1.01	5,943	7,342
1964	4,141.9	40.7	.98	6,580	7,625

Source: Department of National Revenue,
Selected Tax Data (1965), pp. 20 & 21

*Includes continuing and seasonal employees.

THE OVERALL ORGANIZATION

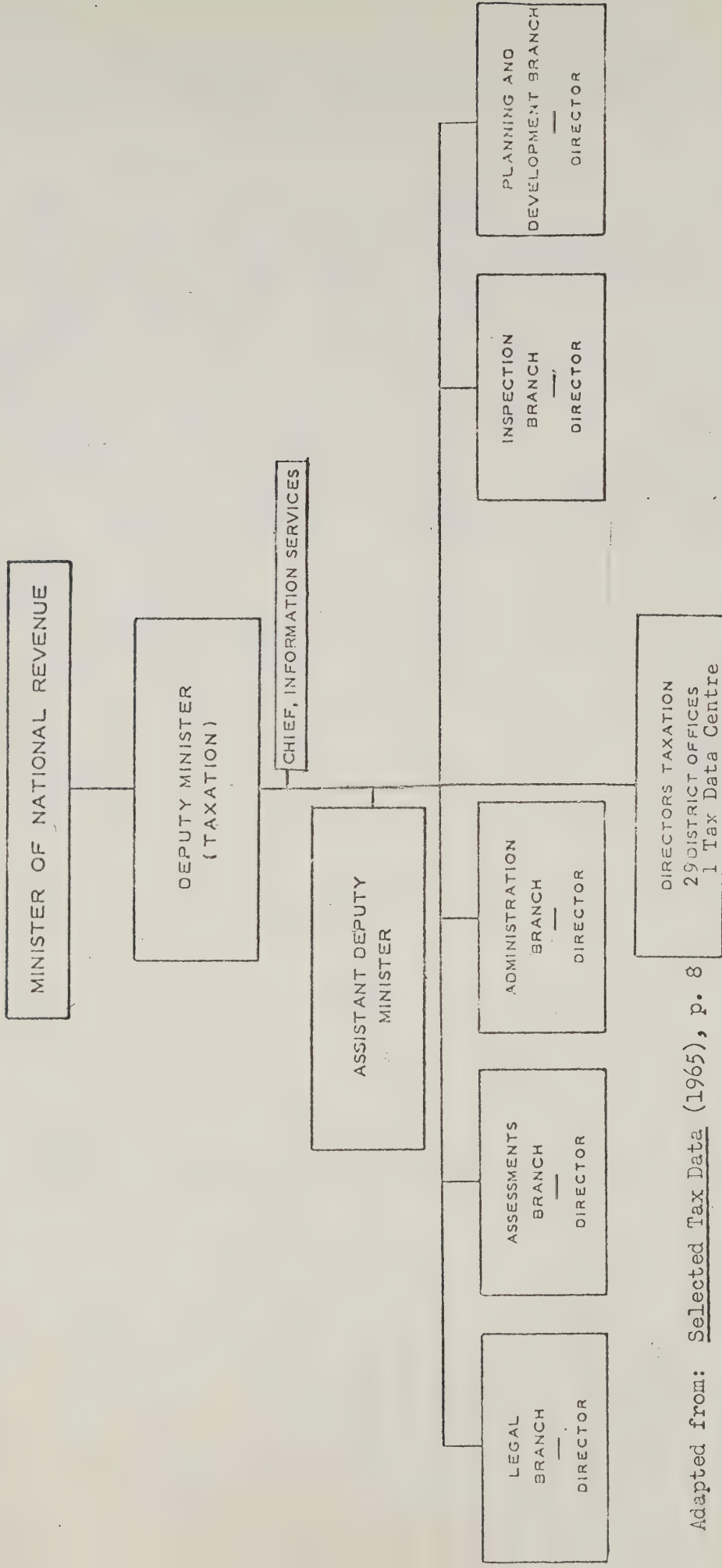
Under the Deputy Minister of Taxation, the Division is divided into a Head Office and a field organization consisting of the Taxation Data Centre and 29 district offices. (See Exhibit 2 for a chart of the Division's overall organization). The Head Office is composed of an Assistant Deputy Minister and five Head Office Branch Directors, all of whom are individually responsible to the Deputy Minister. The five Head Office branches are: Legal, Assessments, Administration, Planning & Development, and Inspection. Each of the Head Office Directors is assisted by a support staff which usually consists of an assistant director and other technical or administrative personnel. Every office in the field organization, including the Taxation Data Centre, is also headed by a Director responsible to the Deputy Minister. The district office organization structure varies depending on the size of the operation but in every case it consists of at least two main branches, Assessments and Administration.

Exhibit 3 shows the allocation of continuing staff by classification and salary level. At the end of 1964, the Division had a total continuing staff of about 5,825 employees. The number of seasonal employees, nearly all of whom are

EXHIBIT 2

OVERALL ORGANIZATION OF THE TAXATION DIVISION

(October, 1965)



Adapted from: Selected Tax Data (1965), p. 8

ST. JOHN'S, Nfld.	QUEBEC, P.Q.	OTTAWA, ONT.	KITCHENER, ONT.	EDMONTON, ALTA.
CHARLOTTETOWN, P.E.I.	MONTREAL, P.Q.	KINGSTON, ONT.	ST. CATHARINES, ONT.	VANCOUVER, B.C.
HALIFAX, N.S.	SHERBROOKE, P.Q.	BELLEVILLE, ONT.	LONDON, ONT.	VICTORIA, B.C.
SYDNEY, N.S.	ROUYN, P.Q.	TORONTO, ONT.	WINDSOR, ONT.	PENTICTON, B.C.
SAINT JOHN, N.B.	DATA CENTRE (Ottawa)	HAMILTON, ONT.	SUDBURY, ONT.	WHITEHORSE, Y.T.
				SASKATOON, SASK.
				REGINA, SASK.
				WINNIPEG, MAN.
				FORT WILLIAM, ONT.
				CALGARY, ALTA.

*Position classifications were allocated to the "\$6200 and Above" grouping when all or a majority of the graduations within the related salary range were at or above that level.

ALLOCATION OF CONTINUING STAFF BY CLASSIFICATION & SALARY LEVEL

HEAD OFFICE - DISTRICT OFFICES

(December 31, 1964)

CLASSIFICATION	HEAD OFFICE			DISTRICT OFFICES			TOTAL		
	ESTIMATED*			ESTIMATED*			ESTIMATED*		
	Salary Below \$6200	Salary \$6200 & Above	TOTAL	Salary Below \$6200	Salary \$6200 & Above	TOTAL	Salary Below \$6200	Salary \$6200 & Above	TOTAL
Deputy, Directors		16	16		29	29		45	45
Assessor 3A & Up		92	92		1,036	1,036		1,128	1,128
Assessor 2	7		7	77		77	84		84
Assessor 1	1		1	12		12	13		13
Special Investigator 3A & Up		18	18		167	167		185	185
Special Investigator 1, 2	1		1	15		15	16		16
Counsel 1 & Up		23	23					23	23
Computer Programmer 3 & Up		41	41					41	41
Computer Programmer 1, 2	6		6	2		2	8		8
Taxation Officer 3 & Up					371	371		371	371
Taxation Officer 2					461	461		461	461
Taxation Officer 1				574		574	574		574
Administration Officer 3 & Up		39	39		75	75		114	114
Administration Officer 1, 2		20	20		35	35		55	55
Personnel Officer or Administrator		5	5		18	18		23	23
Collection Officer				4		4	4		4
Clerks	164		164	1,801		1,801	1,965		1,965
Stenographers	33		33	228		228	261		261
Typists	22		22	324		324	346		346
Other	38		38	70		70	108		108
TOTAL	272	254	526	3,107	2,192	5,299	3,379	2,446	5,825
PERCENTAGE DISTRIBUTION	52%	48%	100%	59%	41%	100%	58%	42%	100%

used at Taxation Data Centre, are not shown on the exhibit; in average years, they number around 1600 and would therefore raise the employee total to approximately 7425.⁴

Of the total continuing staff, a little less than 10% are located in the Head Office. The Division employs a wide range of personnel, nearly all of whom are in the professional, technical, administrative, or steno-clerical classifications. The three position classifications in which the largest numbers are employed are Clerk, Taxation Officer, and Assessor respectively. While well over a half (58%) of the total number of employees in the Division are estimated to be earning less than \$6200 per annum, the number of Head Office employees falling within this category is only 52%. This indicates clearly that the better-paying, more senior positions in the Division are, as anticipated, found in the Head Office.

THE HEAD OFFICE ORGANIZATION

With 203 employees, Administration is the largest of the Head Office branches. As indicated in Exhibit 4, it is followed by Assessments (175), Planning & Development (89), Legal (67), and Inspection (19). The exhibit also indicates that among the four largest branches, the concentration of the higher-paying, more-senior positions as a percentage of the branch totals, is greatest in the Assessments and Legal branches.

4. Ibid, p. 20

The senior management team of the Division is generally understood to include the Deputy Minister, the Assistant Deputy Minister and the Directors of the Legal, Assessments, and Administration Branches. This Head Office power hierarchy is also reflected in the existing scale of remuneration. The top Head Office management positions, job classifications and related salary ranges are itemized below.

<u>Position</u>	<u>Classification</u>	<u>Salary Range</u>
Assistant Deputy Minister	Senior Officer III	\$18,500 - \$23,000
Director - Assessments	Senior Officer II	16,500 - 20,000
Director - Legal	Senior Officer II	16,500 - 20,000
Director - Administration	Senior Officer I	14,500 - 18,000
Director - Planning & Development	Senior Officer I	14,500 - 18,000
Director - Inspection	Senior Officer I	14,500 - 18,000

The senior management team plans, directs, and controls the overall activities of the Division in consultation with other members of the Head Office management group and with the support of their assistants and other staff members. (A detailed organization chart for the Head Office is contained in Exhibit 5). The Directors of the Administration and

TAXATION DIVISION

ALLOCATION OF CONTINUING STAFF BY CLASSIFICATION & SALARY LEVEL

HEAD OFFICE - RANCHES

(December 31, 1964)

Classification	LEGAL			ASSESSMENTS			ADMINISTRATION			PLANNING & DEVELOPMENT			INSPECTION			TOTAL		
	Below \$6,200	\$6,200* & Above	TOTAL	Below \$6,200	\$6,200* & Above	TOTAL	Below \$6,200	\$6,200* & Above	TOTAL	Below \$6,200	\$6,200* & Above	TOTAL	Below \$6,200	\$6,200* & Above	TOTAL	Below \$6,200	\$6,200* & Above	TOTAL
Sr. Officer 2						1			1		1(1)	1		1(1)	1		2	2
Director 6		1(1)				1		1	1								5	5
5					3(1)			2(2)	2		1	1					1	1
4																	6	6
Sr. Counsel 1 & 2		8(8)	8														8	8
Counsel 2 & 3		13(13)	13														13	13
1	2(2)		2													2	2	2
Assessor 7 & 8					8(8)	8							1(1)	1			9	9
5 & 6		4(3)	4		29(22)	29							3(3)	3			33	33
4		3(3)	3		19(11)	19											25	25
3 & 3a		5(1)	5		20	20		2	2		1	1				8	28	28
1 & 2				8		8											8	8
Admin. Officer 5 - 8					3	3		16(4)	16		2	2					21	21
1 - 4		5	5		4	4		31(1)	31		4	4					44	44
Inspector 7													2(2)	2			2	2
6													5(3)	5			5	5
5													2(1)	2			2	2
2 & 4													3	3			4	4
Comp. Sys. P. 6					1(1)	1		1	1		1(1)	1					3	3
5					3(1)	3		3	3		3	3					9	9
4					7(2)	7		5	5		5	5					17	17
3								2	2		10	10					12	12
1 & 2										15		15				15	15	15
Sp. Invest. 5 & 6					5(3)	5											5	5
4					10(2)	10											10	10
1 & 3					4	4											4	4
Per. Admin. 2, 3, 5								3	3								3	3
Per. Officer 2								2	2								2	2
Steno/Clerk/Typist	25		25	46		46	120	1	120	36		36	2		2	229	3	229
Other					2	2	13	1	14	10		10				23		26
TOTAL	27(2)	40(30)	67	54	121(54)	175	133	70(7)	203	61	28(2)	89	2	17(11)	19	277	276	553**
% DISTRIBUTION	41%	59%	100%	30%	70%	100%	66%	34%	100%	69%	31%	100%	11%	89%	100%	51%	49%	100%

Adapted From: Unpublished, internal Audit Charts, December 31, 1964.

*Position classifications were allocated to the "\$6,200 and Above" grouping when all or a majority of the graduations within the related salary range were at or above that level.

**The total of 553 differs from H.O. total in Exhibit 3 because the sources are different.

N.B. Brackets () indicate the number of employees in a classification with a professional degree in law or accounting.

Assessments Branches are personally responsible for planning, coordinating, and controlling the activities in their respective functional areas throughout the whole of the Division including the district offices; their communications, directives and policies carry the authority of the Deputy Minister.

Appendix A contains a description of the functions and clientele of the Head Office organization units, including the position of the Assistant Deputy Minister.

THE FIELD ORGANIZATION

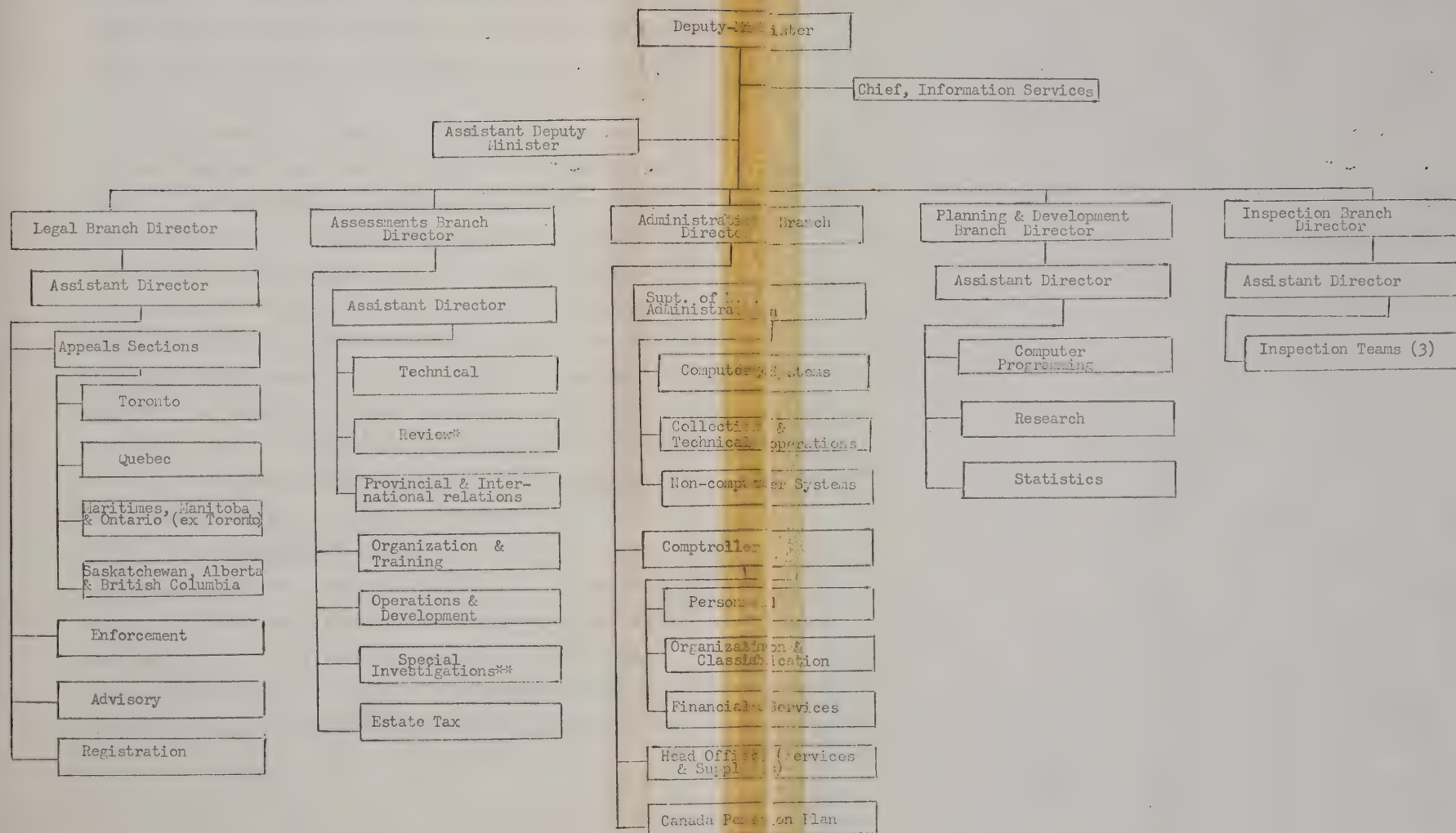
The Taxation Data Centre

The Taxation Data Centre, located in Ottawa, is the Division's centralized computer processing service. Established in 1961, the Centre has become one of the fastest growing organizational units in the Division. As of March 31st, 1964, it has 79 continuing employees and approximately 1738⁵ on the seasonal payroll. It has been responsible for a pronounced shift of work away from the districts and Head Office, and this trend appears to be continuing. Currently,

5. Ibid, p. 19

EXHIBIT
TAXATION DEPARTMENT
HEAD OFFICE ORGANIZATION
(October, 1975)

15.



* Review Section consists of 4 review groups organized by type of taxpayer.

** Special Investigations Section has 3 review groups organized by region: East, Central & Western.



the Centre is responsible, through its Director to the Deputy Minister, for the processing of individual income tax returns, related statistics, accounting and paperwork procedures. In prior years, individual tax returns were filed at the separate district offices for processing. While the work previously performed in the district office is now split between the Data Centre and the district offices the main function of assessing and collection is now handled in the Centre. Tax returns sent to the Centre are manually checked for deductions, earnings statements, and receipts. If the return is found to be incomplete or in error arithmetically or otherwise, it is sent to the district office concerned for correction by the taxpayer. If, on the other hand, the manual check indicates the return is in order, the data is subsequently keypunched, the tax calculated, and an assessment notice sent out, showing the amount owing, if any, to the government or taxpayer. All returns are eventually classified for audit purposes and subsequently sent to the district office for selective audit and filing. Although the Centre is responsible for data processing and machine operations, the design of the systems remain the responsibility of the Head Office branches concerned. Each

of Assessments, Administration, and Planning & Development have within their respective organizations, groups engaged in upgrading and developing computer systems for their own areas of responsibility.

The District Offices

The 29 district offices of the Taxation Division are dispersed, throughout the whole of the country, in major centres from the Yukon to Newfoundland. Toronto and Montreal are the largest and most important of these offices, employing about 925 and 890 persons respectively as of March 31st, 1964.⁶ Whitehorse is the smallest district office with only 4 full-time employees. The surroundings and facilities of each office vary according to their location. The district offices are fundamentally, self-contained units responsible for the assessment and collection of corporate income and estate taxes in the geographic area under their administration. Each office is headed by a director who is responsible to the Deputy Minister. As part of the Division's overall classification scheme, the directors of the districts are assigned grade levels depending on the number of staff and supervisory levels, the complexity of the work load, the volume of collection, and the extent of responsibility for

6. Ibid.

local personnel administration. This places the directors of the Montreal and Toronto offices in a "Director 7" classification, a salary level above those of three Head Office directors including the heads of Administration, Planning & Development, and Inspection.

Because of the divisional emphasis on uniform treatment of taxpayers, all district offices of the Division are run with exactly the same administrative rules, policies, and procedures, with allowances being made for the effect of volume and geographic complexities on the local operations. In contrast to the Head Office directors, the power of the District Office Director is relatively weak. While he is responsible only to the Deputy Minister, in a rational-legal sense, he is, nevertheless, subject to the authority of the Deputy Minister as represented in the directives of the directors of the two principal Head Office branches, Assessments and Administration. This means that the District Office Director is required to implement the policy and procedure as defined by either of these two Head Office directors and their staff. The District Office Director has the formal right to question Head Office policies and to refer unresolved differences to the Deputy. However, the frequency with which this right is exercised is most probably

related to the hierarchical influence of the Director himself as determined by the admixture of the size of the office he administers, and his performance record. This places the directors in Toronto and Montreal in an influential, but not powerful, position.

The District Office is operated within a semi-rigid, well-delineated framework of centrally-determined policies covering all key areas: Assessments, Administration and Personnel. This framework of policies with its rigorous system of enforcement, eliminates any major possibility of local intervention in the key decision-making processes of the Division, that is, in the overall activities of planning and controlling. These activities are mainly initiated by, and reserved for, the Head Office "elite".

The job for the District Director, stated in its broadest terms, is one of the detailed planning, organizing, directing, and controlling of the activities of the district office within the clear limits imposed by the Head Office. The Director's major concern by far is the maintaining of a high level of overall efficiency in his office in combination with high standards of assessing, proper collection and accounting, effective personnel administration and good public

relations. Working under the district director, in a typical district office, are the heads of the three main district office branches: Chief Assessor (Assessment Branch); Supervisor of Administration (Administration Branch); and the Personnel Officer (Personnel Branch). (Exhibit 6 contains an organization chart of a typical district office). Until about 1965, personnel officers were attached to about half the district offices, usually the larger ones. In 1965, the location schedule was changed to effect a regionalization of the personnel function in the field organization. At the present time, there is one personnel officer in eleven of the offices, four less than previously. Under the new schedule the personnel function in the smaller offices is performed by a personnel officer of the larger adjacent office in the same general region.

Appendix B contains a description of the functions and clientele of the typical district office.

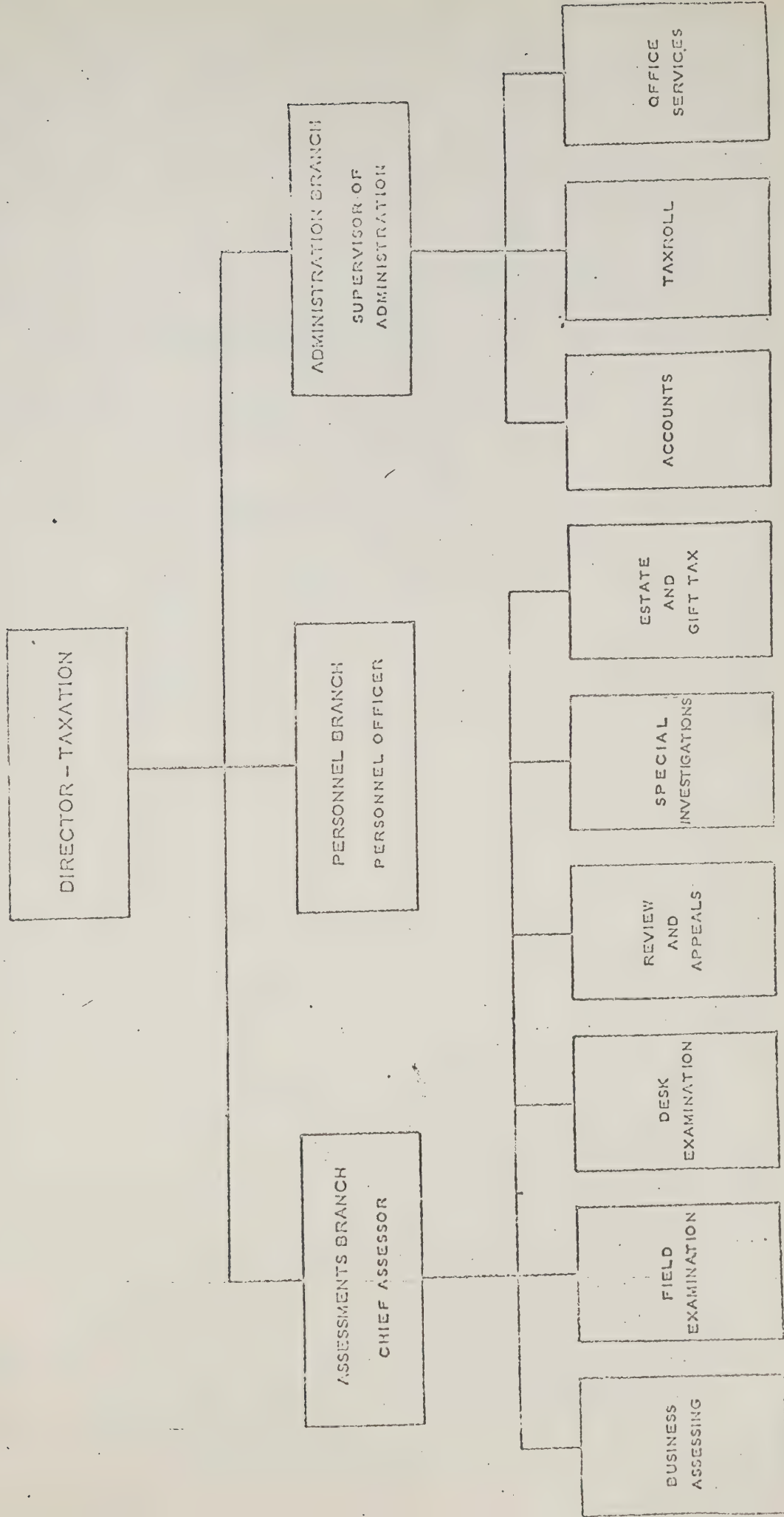
The Montreal District Office

The Montreal Office, like the typical district office, is composed of three branches: Assessments, Personnel, and Administration. (See Exhibit 7 for organization chart of the Montreal Office). The organization structure of the

TAXATION DIVISION

TYPICAL DISTRICT OFFICE ORGANIZATION

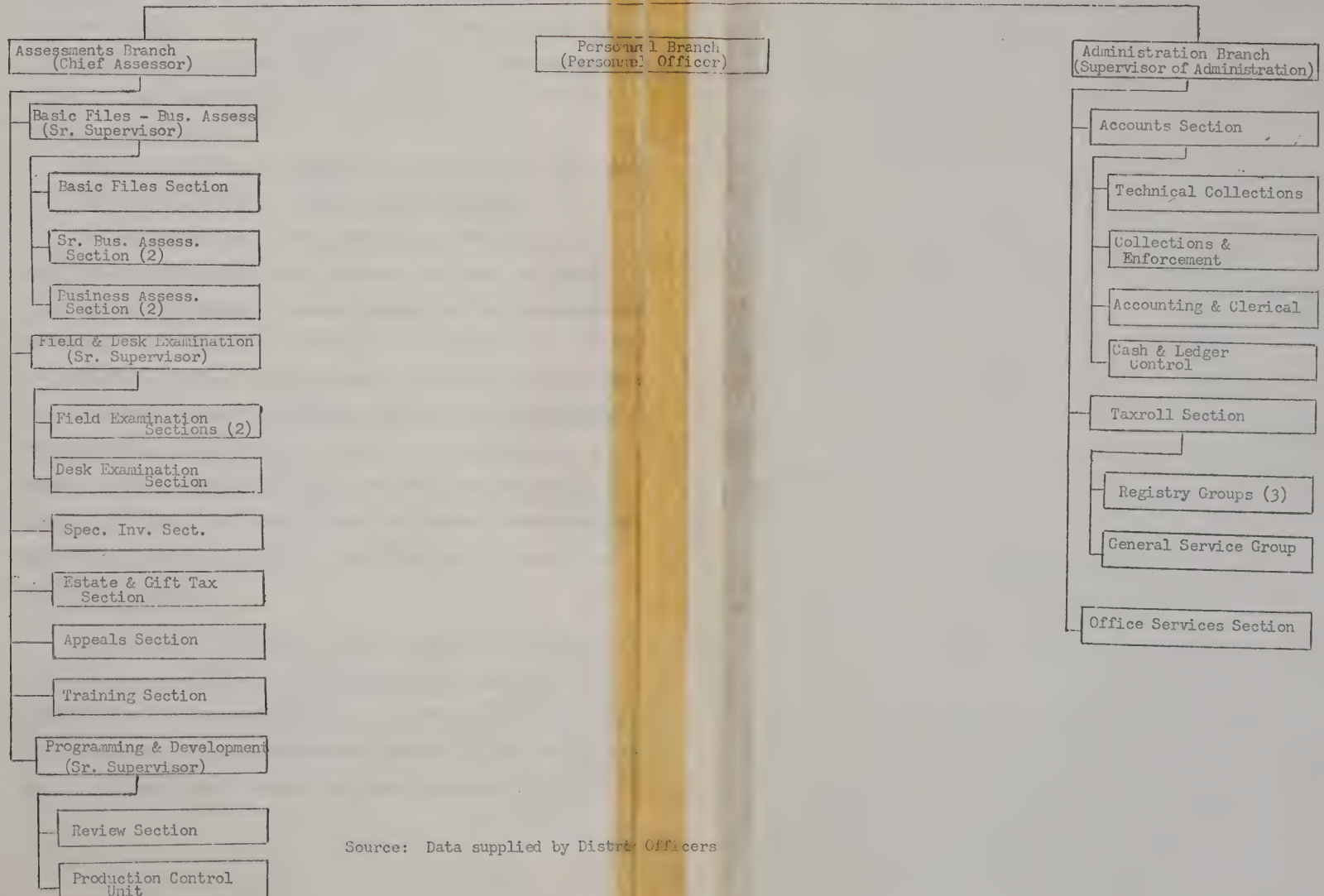
(October, 1965)



SOURCE: Department of National Revenue, Selected Tax Data (1965), p. 13.

TAXATION DIVISION
MONTREAL DISTRICT OFFICE ORGANIZATION
(January, 1966)

District Director



Source: Data supplied by District Officers

BIT 7

DIVISION

OFFICE ORGANIZATION

ry, 1966)

Director

1 Branch
Officer)

Administration Branch
(Supervisor of Administration)

Accounts Section

Technical Collections

Collections &
Enforcement

Accounting & Clerical

Cash & Ledger
Control

Taxroll Section

Registry Groups (3)

General Service Group

Office Services Section

Officers

Administration Branch conforms to that of most other district offices. However, unlike the organization of the typical district assessments branch, the Assessments Branch in the Montreal Office has a senior supervisory level consisting of:

Senior Supervisor - Basic Files and Business Assessing

Senior Supervisor - Field and Desk Examination

Senior Supervisor - Programming and Development

With this organization, the functions of field and desk examination are brought together under one service supervisor. Moreover, the size of the office and its large work volume is reflected by the fact that one of its senior supervisors has been made exclusively responsible for the programming and development activities, and he has, for this purpose, a review section and a production control unit reporting directly to him. The supervisors of Special Investigations, Estate and Gift tax, Appeals, and Training all report to the Chief Assessor.

As indicated in Exhibit 8 the approved establishment of the Montreal Office as of February 1966 was 977. The Exhibit also illustrates that of this amount 558 positions were allocated to the Assessments Branch, 377 to Administration, and the balance to Personnel and the Director's Office. The

TAXATION DIVISION

ALLOCATION OF ESTABLISHMENT BY CLASSIFICATION & SALARY LEVEL

MONTREAL DISTRICT OFFICE

(February, 1966)

CLASSIFICATION*	DIRECTORS OFFICE		ASSASSMENTS		PERSONNEL		ADMINISTRATION		TOTAL	
	Salary Below \$6200.	Salary \$6200 and Above	Salary Below \$6200	Salary \$6200 and Above	Salary Below \$6200	Salary \$6200 and Above	Salary Below \$6200	Salary \$6200 and Above	Salary Below \$6200	Salary \$6200 and Above
Director 7		1								1
Assessor 7 & 8				4						4
Assessor 5 & 6				33						33
Assessor 4				130						130
Assessor 3 & 3a				56						56
Sp. Inv. 5 & 6				5						5
Sp. Inv. 4				6						6
Sp. Inv. 2 & 3				23						23
T.O. 3 & 4				57						57
T.O. 2				74						74
T.O. 1			39							39
Admin. Off. 5 - 8										
Admin. Off. 1 - 4										
Per. Adm. 2, 3, 5										
Steno/Clerk/Typ	37		131		7	3	268	5	443	5
Other										
TOTAL	37	1	170	388	7	3	329	42	543	434
PERCENTAGE DISTRIBUTION	97%	3%	33%	67%	70%	30%	89%	11%	56%	44%
			100%	100%	100%	100%	100%	100%	977**	100%

Source: Based on data supplied by District Personnel Officer.

*Position classifications were allocated to the "\$6200 and Above" grouping when all or a majority of the gradations within the related salary range were at above that level.

**The total of 977 refers to approved establishment and not actual number of employees on staff.

greatest number of positions is found in the steno-clerk-typist category. This is followed by 247 in the Taxation Officer classification, and 223 in the Assessor classification. Approximately 44% of the positions in the Montreal Office are at salary levels of \$6200 or more. This compares favourably the 41% for district offices as a whole, but unfavourably with the 48% for the Head Office. (See again Exhibit 3). As in the case of the Head Office, the concentration of higher-paying, more senior position in the Montreal Office is in the Assessments Branch.

PERSONNEL MANAGEMENT - POLICIES AND PROGRAMS

General Staff Shortages

The Taxation Division is consistently understaffed. In December of 1964, the Head Office organization had an employee complement of 553 compared with an approved establishment of 617.⁷ The comments of senior officers indicate that the ratio of staff to establishment has become increasingly more unfavorable since that time. In January of 1966, the Montreal District Office was similarly understaffed with 855 employees compared to an approved

7. From unpublished Head Office Audit Charts, dated December 31, 1964.

The first thing I noticed when I stepped out
of the car was the cold air. It was a
sharp contrast to the warm car. I
looked up at the sky and saw a few
clouds. The sun was shining brightly.
I felt a sense of freedom. I was
in a new place. I was going to
have a great time. I was going to
have a great time. I was going to
have a great time.

I was going to have a great time.

I was going to have a great time.

I was going to have a great time.

I was going to have a great time.
I was going to have a great time.
I was going to have a great time.
I was going to have a great time.

I was going to have a great time.
I was going to have a great time.

I was going to have a great time.

I was going to have a great time.

establishment of 989.⁸ In both cases, the main shortages were in the Assessments Branches. Such terms as "critical", "serious", and "acute" were often used by senior officials to describe the manpower situation in the assessments units. Problems were the same in most other functional areas of the organization --- few applicants and a high turnover. Two main reasons offered in explanation of the Division's inability to attract and hold employees in general tended to emerge. These were: 1) the non-competitive salaries, and 2) the oppressively technical, detailed work of the Division.

Recruitment

The recruitment of Taxation Division employees is a formal responsibility of the Civil Service Commission. Traditionally, the procedure begins with the Taxation Division's requisition to the Commission, proceeds through to advertising and interviewing, and ends with the final hiring phase. Selection boards, consisting of at least one representative of the Division and one or two representative of the Commission are ostensibly used in the recruitment procedure. In light of the recent organizational changes in

8. From the Montreal Office's Monthly Statement (of staff) for January, 1966.

the Civil Service Commission, many of which were brought about by the Glassco Commission Report, some staffing authority has been delegated to the Civil Service Commission Report, some staffing authority has been delegated to the Civil Service Commission's own regional offices, and, to most of the many Federal Government departments. It is expected that more authority will devolve upon the Federal departments consistent with the development of personnel management skills in these departments. In the past, job candidates sent in their applications to the Civil Service Commission; they were usually required to wait as long as a month before they were granted an interview. As an administrative expedient, the Commission had apparently developed the practice of accumulating a batch of applications before scheduling any interviews. A representative from the Taxation Division would interview the candidates in collaboration with the Commission's own personnel. However, many of the original applicants accepted offers with alternative organizations because of this delay.

In an attempt to alleviate the problem, the Taxation Division went "underground", at least in the district offices. Blind advertisements (advertisements which deliberately omit identifying the Federal Government as the

employer) were placed in the newspapers; the applicants were interviewed by the Taxation Division, checked out, and then sent over to the Civil Service Commission's local office for processing. The local Commission officials were apparently aware of the Taxation Division's contravention of procedures, but since they could not themselves cope with the recruitment workload, the departure from procedure was tolerated. Blind advertisements were apparently used as a recruiting tactic because they had proven to be more effective than those of the Civil Service Commission's which identified the Federal Government as the employer.

The Head Office recruitment activities are significantly less involved than in the district offices. Many of the positions are at the senior level and these are filled by internal divisional competitions with the district offices serving as the primary source of candidates. The District Office serves as the focal point for recruitment since the overwhelming majority of new recruits are first employed at that level. However, a few senior categories such as "Legal Counsellors" are recruited directly into the Head Office. In this instance, recent law school graduates constitute the chief supply. Other positions recruited for the Head Office are: Administrative Officers and Computer Systems Programmers; in the latter case, many of those holding lower clerical positions within the Head Office itself make up the bulk of the candidates.

Responsibility for recruitment in the district offices, rests with the Personnel Officer. But the Personnel Officer works closely with local Civil Service Commission representatives. Although recruitment procedures are kept under the close scrutiny of the Commission, concomitant with the general devolution of authority and activities in personnel administration, considerably more autonomy has been granted to the personnel officers and the district directors. Employees in the senior classification normally join the Division as Taxation Officers I (up to \$5580), Taxation Officer 2 (up to \$6630), Assessor 2 (up to \$6450), or Assessor 3 (up to \$7950). In all these categories, except Assessor 3, the Montreal Office now has been given the right of discretion, within the predetermined salary ranges, of adjusting the starting-salary offers. At the present time, the Montreal Personnel Officer, pre-reviews the applications submitted and arranges for an immediate interview. Representatives from other branches in the Montreal Office help to screen the employees. If the applicant is found to be suitable, an offer of employment can now be made immediately. Because of severe staff shortages, no formal selection boards are used for screening purposes at the Assessor 2 and 3 levels.

The highest position for which an employee may be recruited into the Division is Assessor 3. But the largest number of recruits join the Division at the Taxation Officer I level. A C.A. degree or its equivalent is required for the more senior Assessor classifications, while the Taxation Officer requires a B. Com., or high school completion plus some business experience. The sources for recruits vary according to the classification in which the vacancy occurs. Recruitment efforts are directed to professional accounting associations to fill the Assessor positions. Taxation officers are recruited from the universities or from business. Every year circular letters are sent out to the graduates of professional accounting associations and universities to highlight the positions open in the Taxation Division. The chief selling appeal used is the opportunity offered to the employee for training in taxation. In addition, the Division does its own missionary work by having the Personnel Officer and the District Director visit universities in an effort to generate interest in the Taxation Division among the employment officers, professors, and students. The main contacts are the Hautes Etudes, Université Laval, Université de Sherbrooke, and l'Université d'Ottawa. The best single source of recruits is the Hautes Etudes. McGill and Sir George Williams University are virtually ignored because of the low interest and the limited linguistic skills of their students.

Career Development

Training and Development Programs

Employee training in the Taxation Division falls into three categories. These are: standard technical training programs provided within the Division by internal resource personnel; on-the-job training; and special courses provided outside the Division. All new employees of the Division go through a program of general induction and technical training. In the Montreal Office, the program in which the taxation officers participate normally lasts about six months. Much of the training is designed to cover subject matter relevant to personal income tax assessment. The Assessor's training, on the other hand, is not as lengthy. It may last from one to three months depending on the employee's planned job assignment. This training is composed of a blend of instruction about the function of the Taxation Division, its organization, its procedures, and tax law. Lectures, problem cases, and on-the-job instruction are used in the training. Most of the internally-administered training subsequent to this basic orientation, is either of a technical-retraining or an on-the-job variety.

The Administration Branch in Head Office has a limited training program for graduates in Commerce starting in the Taxation Officer positions. The selected recruits are brought into Ottawa for two years of training, a training which consists of both classroom and on-the-job instruction. Upon completing this program, the trainees are then assigned to regular jobs in other areas of the Division. The program usually retains 60% of the employees who start in it. In the last year, of the 20 recruits who participated, many were from the Maritimes, especially the University of Moncton (St. Joseph's).

The rotation scheme used to staff the Head Office Inspection Branch is currently regarded as the Division's best means of providing career development. The staff complement of the Branch is maintained by transfers from the district offices and other Head Office branches. Half the present Inspection Branch employees have backgrounds in assessing, and the other half in administration. Only supervisors and personnel with proven potential and good experience are considered for work in the Branch. No competitions are held for any of the available openings. Prospects are merely approached by management or apply on their own behalf or, at the urging of their supervisors.

There is no formal classroom training involved. All inspectors receive their training while on-the-job in the process of moving from audit to audit. Usually, inspectors stay in the Head Office Inspection Branch for two or three years, eventually transferring out to a district office; or otherwise they may apply selectively towards the end of the three years for job competitions of special interest to them. During his stay with the Branch, the employee does a lot of travelling and, accordingly, he has the opportunity to develop an understanding of not only management policies and procedures but the overall operation of the Taxation Division. Although the salary increments received in the Inspection Branch are not higher or more frequent than those in other areas the employee's position in subsequent competitions is considerably improved because of the training he has received in the Inspection Branch.

There is no formal, overall manpower development program in the Taxation Division, Head Office or elsewhere. One of the reasons for this is the Civil Service Commission's ruling which does not allow the pretraining of personnel for positions which will later be open to competition. However, some work is being done on a plan to coordinate all staff development. The new plan, under the Administration

Branch, tentatively envisages the formation of a committee responsible for the identification of employees for development purposes. The main idea behind this plan is to encourage and guide the movement of personnel into senior Head Office positions. As a general extension of this program, forty new positions will be created in which employees at the level of "Taxation Officer 3" and above will be trained. It is expected that in years to come all senior personnel will have been groomed by this program.

The major forms of career development training are at present only available outside the Division. Correspondence and extension courses in accounting are examples of this. Taxation Division employees participate in varying degrees in the special courses sponsored by the Civil Service Commission. Information on these and other courses are circularized to branch heads and then any applications are returned to and processed by the Personnel Section of the Administration Branch.

Career Patterns and Promotion Competitions

The organization structure and the supporting job classification system provide for the orderly, gradual movement of employees into higher positions in the Division.

Advancement from classification to classification is governed by promotion competition. As part of the recent reorganization of the Civil Service Commission, the Taxation Division, like other government departments, now directly controls promotion competition for its positions with salary levels up to \$13,100. However, all such competitions are still subject to the audit and control of the Civil Service Commission. In the Taxation Division, part of the authority delegated to the Deputy Minister by the Civil Service Commission has in turn been extended to the district offices.

There are three broad kinds of competitions. The first, covering non-supervisory positions, is initiated and administered by, and restricted to, the District Office. The second competition, covering the more junior supervisory positions, is similarly handled by the District Office but some control is retained by the Head Office through the requirement of its prior approval. The third form of competition is entirely administered by the Head Office, including the appointment of the selection board. This competition applies to all positions at the level of Assessor 4 and above, and, generally to all positions not covered by the first two types of competition. A competition might be held on a district, regional, or divisional basis, depending

on the level and nature of the position to be filled. Vacancies in senior positions are thrown open to divisional-wide competition. Broader based competitions of this kind provide a greater resource pool from which to draw and this enables the Division's senior management to be more discriminating in selection.

The selection board for internal competitions is composed of three members. The board for competitions administered by the Head Office will be selected by, or subject to, the approval of the head of the branch in which the vacancy exists. The three members of the board in district competitions are jointly appointed by the District Director, the head of the branch in which the vacancy exists and the Personnel Officer. The typical composition of the selection board might be as follows:

- Chairman - Head of section in which vacancy exists.
- Second Member - Unit or group head in same area.
- Third Member - Incumbent in a position in
different organizational unit
within the District Office.

The selection procedure consists of a review of all the applications and of the candidate's personal files (including previous merit ratings), an interview with the candidate himself. The candidates are rated on a number of factors

(depending on the position), including knowledge of auditing, income tax legislation, and accounting. The board findings are subject to both review and appeal. Under special circumstances, a person may be appointed to a position without going through a competition. And in certain instances, when it has not been possible to fill vacancies with internal competitions, competitions might then be held externally.

Under normal conditions, the person hired as a Taxation Officer or Assessor would, assuming continuous success in competition, move to successively higher classifications within the Administration and Assessments branches. Typically, the Taxation Officer moves vertically within the Administration Branch and in so doing acquires experience of a general variety in administration and accounting. On the other hand, the Assessor's vertical movements within the assessing area are generally correlated with increasing expertise in tax law, accounting and audit problems. Often, taxation officers who join the Division with a degree in Commerce, later, under pressure from management, study for C.G.A. standing and are, upon successful completion of their studies, reclassified as "Assessors". This places them in a career stream that extends to the very top management levels. Clearly, progress to the upper reaches of the Head Office appears to be

contingent upon two main factors: 1) professional qualifications, and 2) willingness to relocate. A re-examination of the Exhibit 4. shows that the higher organization levels of the Division in the Legal, Assessment, and Inspection branches are all staffed in greater proportion by persons of professional standing in accounting or law. It was established earlier in the discussion of this same exhibit that the Head Office branches also have a higher proportion of higher paying positions.

Typically, district personnel intent on reaching the pinnacle of the Division would begin, and move up within the Assessments Branch, in a district office. Having successfully competed for the position of Chief Assessor in one of the districts, the individual would be expected to then make other moves from small to progressively larger district offices, with a correspondingly increase in both responsibility and salary. He might then compete for positions open in the Head Office or for the position of District Director depending on his geographic inclination. Success in the first type of competition would bring the employee into more immediate contact and exposure to the core of policy-making within the Taxation Division. His proximity to this policy-making core would be largely

determined by his branch membership; some branches are more involved in policy-making than others. Success in a competition for the position of District Director would bring him closer to the pinnacle of success in district office administration. The career patterns of employees within the Head Office Legal Branch and Planning & Development appear to require far less movement; generally, careers in these areas tend to be more contained and, except at the junior levels, involve fewer lateral movements to and from other branches.

The Personnel Management Function

Personnel administration is widely diffused throughout the Taxation Division. Day-to-day career development guidance is the responsibility of supervisors. The Personnel Officer himself is responsible for local recruitment, co-ordination of local competitions and the interpretation of personnel policy at the local level. Technical, assessing training within the district offices is conducted by a training section attached to the Assessments Branch. Each of the heads of the Assessments and Administration branches have responsibility for the development of subordinates under their jurisdiction. In turn, the District Director has overall responsibility for personnel administration in his office

subject to the Head Office policies and directives. On the other hand, Head Office Branch Directors are presumably responsible for identifying the particular training needs within their own functions in the Head Office and in the districts and for making the necessary arrangements to see that these training needs are met. In the Head Office Assessments Branch, the Organization & Training Section assists the Branch Director in this respect. It provides guidance and co-ordination for the district, and directly sponsors the formal training programs in the assessments area in the Head Office. It also develops policies concerning promotion, reclassification, and staff appraisals in the Assessments Branch, reviews establishment proposals and conducts job analyses for classification purposes. The Personnel Section in the Head Office Administration Branch is, as yet another participant in the personnel management process, responsible for interpreting Civil Service Commission rulings and for recommending and implementing personnel policies for the Taxation Division as a whole. Curiously, the Personnel Section despite its division-wide responsibilities is at a lower organizational level than the Organization & Training Section in the Assessments Branch, which has a more restricted jurisdiction.

SECTION II - BILINGUAL AND BICULTURAL EXPRESSION AND ADJUSTMENTS

REPRESENTATION OF FRENCH CANADIANS

Exhibit 9 contains estimates of the number of French Canadians in the Head Office, by level and by branch. It indicates that French Canadians comprise some 30% of the number of total employees in the Head Office⁹. However, most of these are found at the lower levels of the organization. While about 45% of the employees below the annual \$6,200 level are French Canadians, French Canadians represent only 16% of all employees above that level. The further up in the hierarchy the smaller the proportion of French Canadians. There is no French-Canadian participation in the upper levels of the Head Office. Not one of the branch directors or assistant directors is a French Canadian, and of the 53 employees serving as section supervisors or group heads, only 7 are French Canadians. The highest concentration of French Canadians above the \$6,200 level would appear to be in the Legal Branch, while under the \$6,200 level the proportion of French Canadians is highest in the Planning &

9. This figure is supported by data released to the Commission earlier, indicating that approximately 1/3 of all Head Office personnel are bilingual (See C.R. Patenaude's memorandum to C. Romales, dated 7 August, 1964).

EXHIBIT 9TAXATION DIVISIONESTIMATED REPRESENTATION OF FRENCH CANADIAN IN HEADOFFICE BY LEVEL AND BRANCH*

(December 31, 1964)

L E V E L		LEGAL		ASSESS		ADMIN		P & D		INSPECT		T O T A L	
		FC	T	FC	T	FC	T	FC	T	FC	T	FC	T
DIRECTORS		-	1	-	1	-	1	-	1	-	1	-	5
ASST. DIRECTORS		-	1	-	1	-	2	-	-	-	-	-	5
SECTION SUPERS		2	7	-	6	1	6	-	3	-	-	3	22
GROUP HEADS		-	-	2	18	-	7	1	3	1	3	4	31
OTHER		8	31	15	95	7	54	4	20	2	13	36	213
Employees @ \$6,200. & Above	No.	10	40	17	121	8	70	5	28	3	17	43	276
	%	25%	X	14%	X	11%	X	18%	X	18%	X	16%	100%
PROF. & TECHNICAL		1	2	3	8	-	-	6	15	-	-	10	25
STENO/CLK/TYPIST		8	25	12	46	55	120	25	36	2	2	102	229
MISCELLANEOUS		-	-	-	-	7	13	6	10	-	-	13	23
Employees @ \$6,200. & Below	No.	9	27	15	54	62	133	37	61	2	2	125	277
	%	33%	X	28%	X	47%	X	61%	X	1%	X	45%	100%
TOTAL EMPLOYEES	No.	19	67	32	175	70	203	42	89	5	19	168	553
	%	28%	X	18%	X	34%	X	47%	X	26%	X	30%	100%

SOURCE: Unpublished internal Audit Charts, December 31, 1964.

* Estimates of the number of French Canadians in each branch were developed by examining the detailed lists of establishment positions and the names of incumbents. Incumbents with obviously French names were shown as French Canadians.

Development Branch and in Administration. The Assessments Branch appears to have an under-representation of French Canadians in practically all categories. Although the exact statistics were not available, it appears that a large majority of French Canadians in the Head Office, at both senior and junior levels, are from the Greater Ottawa area. Since movements in the career channels from the Quebec offices to the Head Office are "obstructed", a substantial number of the French Canadians in the more senior positions in the Head Office would have come from the Ottawa District Office.

In the Montreal Office of the Taxation Division, the ethnic proportions are entirely different. Out of the total employees as of January 1966, about 83% are French Canadians.¹⁰ This proportion is approximately consistent at both lower and higher levels in the organization. Of the 107 staff members at the level of Unit Head and above, 94 are bilingual. However, two of the three most senior supervisory positions are staffed by unilingual English Canadians. (See Exhibit 10 for breakdown on linguistic proficiency by supervisory level). An estimated 85 - 90% of these bilingual

10. From the Montreal Office's Monthly Statement (of Staff) for January, 1966.

EXHIBIT 10

TAXATION DIVISION

LINGUISTIC PROFICIENCY - SUPERVISORY GROUP
MONTREAL DISTRICT OFFICE

(January, 1966)

	Bilin- gual	English Unilingual
DIRECTOR	1	
PERSONNEL OFFICERS	2	
ADMINISTRATION BRANCH SUPERVISOR	1	
ACCOUNTS - SECTION HEAD	1	
Group Heads	12	
Unit Heads	11	
TAXROLL - SECTION HEAD	1	
Group Heads	4	
Unit Heads	18	
OFFICE SERVICES SECTION HEAD	1	
CHIEF ASSESSOR	1	
PROGRAMMING & DEVELOPMENT SUPERVISOR	1	
SENIOR SUPERVISORS		2
Section Supervisors	11	2
Group Heads	38	9
TOTAL	94	13

SOURCE: Montreal District Office's Personnel Record.

personnel at the supervisory level are French Canadians, including the District Director and Branch Heads.¹¹ The Director of the Montreal Office is a Franco-Ontarian as are the Directors of two other Quebec offices, these of Quebec City and Sherbrooke. The Director of the Rouyn Office is a bilingual English Canadian and the Ottawa Office is headed by an English-speaking Canadian.

While ethnic composition (English-French) at senior levels in the Montreal Office reflects approximately the composition of the population which it serves, the Head Office is virtually devoid of French Canadians in senior positions. The underparticipation of French Canadians in Senior Head Office positions is both a reason for and is partly explained by the problems of bilingual and bicultural expression and adjustment in the many aspects of the Division itself, including its structure, communications, and personnel management policies. A discussion of these aspects follows.

11. As in the case of Head Office Personnel, estimates of the number of French Canadians in supervisory positions in each branch were developed by examining the detailed listing of establishment positions and the names of their incumbents. Incumbents with obviously French names were shown as French Canadians.

ORGANIZATION STRUCTURE

The district organization structure of the Division reflects, to some extent, the awareness and sensitivity of the Divisions management to its public-reliant function and its diverse clientele. The 20 district offices, four of which are located in Quebec, are each responsible for dealing with local populations and for effecting tax compliance in the geographic area under their individual responsibilities. This regionalization appears to be based not only on bilingual and bicultural considerations, but on those of geographic and work-load distribution as well. The organizational structure of the Head Office per se also reflects in some degree the sensitivity of the Division to these considerations. A number of Head Office units are organized to provide service, review and control along regional lines; the cases in point are the Special Investigation Section of the Assessments Branch and the Advisory Section of the Legal Branch. However, within the context of this fundamental regional orientation, there is an emergent pattern of recentralization of both work and responsibility to the general Ottawa area. With the establishment of the Data Centre in Ottawa, for example, there has been a gradual shift of responsibility in that direction. Similar changes leading to increased recentralization may be reasonably anticipated in the future.

COMMUNICATIONS AND LINGUISTIC PRACTICES

Extra-Divisional Communications

In its dealings with other departments and agencies of the Government, the Taxation Division uses English almost exclusively because the correspondents and contacts within these units are English-speaking. Similarly, the Division uses English in dealing with representatives of other countries, the notable exceptions to this being France and Belgium with whom special translation arrangements are made if necessary.

At the provincial level, English is used in communicating with the English-speaking provinces. Since the Taxation Division has limited bilingual capability among personnel with responsibility for federal-provincial liaison, English is used mostly in verbal communications with Quebec. Most contacts with the tax-payer and public are at the district level and the district offices are equipped to service local clientele in their mother tongue. For example, French and English are used to service the populations served by the Quebec offices and by other offices in bilingual or partly bilingual centres outside Quebec. As a matter of policy, all correspondence received in French from the

taxpayers and other segments of the public is answered in French. Enquiries from French-speaking taxpayers (individual taxpayers, corporations, and their representatives) to the Head Office are either re-directed to the appropriate district or answered in French directly through the use of translation facilities. Personal meetings with taxpayers and their representatives in the Head Office are usually held in English, regardless of the language of the taxpayer, although external forms and documents of the Division are either bilingual or made available in the two separate languages.

Intra-Divisional Communications

With the exception of informal communication among French-speaking employees, English is used throughout the Head Office organization. It is, in fact, the working and therefore dominant language of the Head Office and of all the district offices except the four situated in Quebec. All Quebec offices, with the exception of Montreal, are for most intents and purposes, unilingual French language operations. French is the dominant working language in Montreal, but because of the large representation of English-speaking Canadians in the Montreal area population and in the Montreal office as well, English is used extensively also. Informal communications among members of the Montreal

staff are written in the language of the sender. Simple communications from a supervisor to his subordinate are usually written in the language of the recipient unless the supervisor is himself an English unilingual. Formal, general instructions and circulars are written in both languages. In group meetings where unilingual English-speaking personnel are present, English is usually used to accommodate these staff members.

Written communications between Head Office and Montreal may be in either language. Memoranda and letters from Head Office to Montreal are usually written in English unless the originator has bilingual competence and chooses to write in French. Correspondence from Montreal to Head Office at the higher levels is also in English because of limited receptive bilingualism in the Head Office. At lower levels in the Montreal organization, technical assessing reports to the Head Office may be prepared in French at the discretion of the Assessor.

Formal policy and procedural instructions are made available in both languages, although the English versions precede the French by some four to six months. Some instruction manuals in this category cover subjects like assessing, taxroll, accounting routines, and personnel. Many of the internal forms are produced in both languages either in unilingual or bilingual versions.

Translation Facilities

At the Head Office, a unit of translators is shared jointly by the Taxation Division and the Department of Finance. This unit reports to the Translation Division (Secretary of State) and is responsible for translating all incoming and outgoing correspondence, official documents, and technical materials, for the branch heads and section supervisors. The service available from the Translation Bureau is inadequate on two accounts. First, translations are not prepared quickly enough; the services of the Translation Bureau are extremely slow and delays of up to six months in larger and more complex translations are frequent. This results in late distribution of French language instructions to employees in the Quebec Offices. Second, the quality of the translation has been criticized. The technical language of the Taxation Division appears to be creating difficulties for the translator with the result at times in literal errors and changes in the nuances of meaning of some terminology. At times, because of the incomprehensibility of certain literal translations from English or, "pure French" expressions, French-Canadian employees have to resort to reading the English equivalents.

Language Training

The Taxation Division is participating in the Civil Service Commission's language training program but only a limited number of senior employees have been involved to date. Candidates for language training are nominated by their supervisors subject to the approval of branch directors. Although the Taxation Division has not undertaken a formal evaluation of this language training, reaction to its usefulness ranges from scepticism to mild receptivity. Basically, language training is not seen by senior Taxation personnel as the answer for a bilingual civil service. The criticisms expressed, at times explicit and at other times implicit, fall into several categories. First, the language training by the Civil Service Commission has to be preceded and generally supported by a framework of language training in the educational institutions throughout the country. Second, there is the problem of a lack of opportunity on the part of the present trainees to use the language on the job subsequent to the completion of the language program. Third, there is the need for an intensified effort in terms of both money and time, as well as a larger establishment to free employees for such training. Fourth, the circumstances and pressures under which the trainees now work are not favourable to the development of language skills. Fifth, there are simply no real incentives for English Canadians to learn the French language.

Pressures and Changes in Language Usage

There are countervailing pressures on and within the Taxation Division which determine the pattern of language usage. On the one hand, there are pressures to use French externally in dealing with taxpayers and other publics and to increase its use internally in the Quebec offices and to a lesser extent in Head Office. These pressures are generated by

- (a) French-Canadian taxpayers;
- (b) French-Canadians employees in the Quebec offices.

On the other hand, there are pressures which help to maintain the use of English, especially in the Head Office. These are generated by:

- (a) English-Canadian taxpayers in Canada as a whole;
- (b) the predominant numbers of unilingual English-speaking employees in the Head Office;
- (c) other Federal Government departments and agencies;
- (d) foreign governments and their representatives;
- (e) the absence of adequate translation facilities.

Over the years, there has been a considerable increase in the use of French in the Montreal Office. Most other district offices in Quebec are predominantly unilingual (French). This increase has corresponded with the increase

in the number of French-Canadian employees located there and in the progression of the French Canadians to senior levels in these offices. Generally, in the Quebec offices, French Canadians now use French more extensively in their jobs and in their communications with Head Office. In the Head Office, changes in the participation of French Canadians at the senior levels and the use of the French language has not been nearly as pronounced. The extremely limited bilingual capability in English-speaking personnel in the higher echelons generally suppresses the use of the French language both at these levels and elsewhere.

PERSONNEL MANAGEMENT - POLICIES AND PROGRAMS

General Staffing Policies and Strategies

The Taxation Division does not have its own explicit aims or policies dealing with the participation or staffing of French Canadians. It is the implicit policy of the Division to staff its offices with competent personnel, complying, at the same time, with the Civil Service Commission directives on language requirements. The inference is clear; it is the policy of the Division to manage personnel uniformly without reference to ethnicity. In its staffing policies, as elsewhere, the Division is largely influenced by its overriding concern for the principles of efficiency

and consistency. The Civil Service Commission's rather general and limited language directives, and the Division's literal application of them, have lead in part to the under-representation of the French Canadians in the Head Office. The Division's main strategic response to the question of bilingualism and biculturalism and of French-Canadian participation has been aimed at staffing the Division's Quebec offices at all levels with French Canadians. Yet, offices like Montreal are so under-staffed that some consideration has been given to shifting all or some of the work to the Ottawa area. Alternatively, the suggestion has been made, albeit not seriously, to turn over the function of federal tax collection in Quebec to a private, independent collection agency. It appears as though the policies and strategic pursued up until now by the Taxation Division, within the context of Government and agency policy on language requirements, have failed to provide the staff necessary for the Quebec operations.

For the most part, the recruitment of French Canadians is not handled at the Head Office but by the district office in Montreal, and in the other district offices in Quebec and in Ottawa. For French Canadians' the recruitment procedure is basically the same as it is for English Canadians, except slightly more effort is perhaps put into missionary

work at the sources of supply for recruits. Visits are made by the personnel officers and district directors to such universities as Montreal, Laval, Sherbrooke and Ottawa.

To date the best single source of French Canadians has been the University of Montreal. Attempts to attract French Canadians, beyond the normal appeals, have been generally limited to suggesting that because of their bilingual skills and bilingual manpower shortages, French Canadians are in a more competitive position within the Division than are unilingual English-speaking employees.

Bilingualism is generally required for clerical positions in grades 1 - 3 and for Taxation Officers grades 1 & 2. However, market supply and demand for bilingual personnel determine the extent to which this requirement can be met. Because of chronic shortages at the Assessor 2 and 3 levels, unilingual personnel are almost always accepted if they meet the minimum qualifications in other respects. (See Exhibit 11 for recruitment data on the Montreal Office by classification, by branch and by linguistic proficiency.)

The recruitment difficulties in the Quebec offices have become more acute in recent years because of an accelerated demand for qualified French Canadians with bilingual skills.

EXHIBIT #11

TAXATION DIVISION

RECRUITMENT DATA - TO'S & ASSESSORS
MONTREAL DISTRICT OFFICE

(February 65 to January 66 inclusive)

	Accounts Section	Taxroll Section	Assessments Branch	Transfer from Other District Office	Unilingual English	Bilingual
ASSESSOR 3			12	3	4	11
ASSESSOR 2			6		2	4
TAX.OFF. 2			14		2	12
TAX.OFF. 1	21	1	19	1		42
				TOTAL	8	69

SOURCE: Montreal District Office's Personnel Records.

The main competitors for available talent are private industry and the Quebec Government; in the latter case, recruits have been lost to the Finance Department and to the Hospitalization and Pension Plan authorities. Neither the universities nor the professional accounting societies have been able to supply a sufficient number of graduates to meet the demand. However, there are other reasons offered in explanation of the Taxation Division's apparent failure to recruit adequate numbers of French Canadians. First, the salaries offered by the Taxation Division are well below those offered by other competitors in the labor market. Second, the Taxation Division, as a Federal Government Department, appears to many French Canadians to be, in the words of some respondents, "foreign" and "unattractive" in comparison to the Quebec Government and other Quebec employers. Recourse to the hiring of unilingual English-speaking personnel has tended to perpetuate within the Montreal office difficulties of administration and personnel management particularly with regard to work load scheduling and promotion competitions; this, in turn, has probably helped to maintain the unfavourable image of the Division. Finally, the predominance of the English language in the Taxation Division has undoubtedly been a serious drawback to recruitment. The first and third reasons are not unique

explanations of the Division's difficulties in recruiting French Canadians alone; as indicated in an earlier section of this report, they also tend to explain the Division's general staff shortages.

Career Development

Present job training programs in the Montreal Office (and other Quebec offices) are conducted in the French language whenever possible. Most of the materials used are translated from English. Delays are frequently encountered in translation and thus problems are created for both the trainers and the trainees. Job training activities in the Head Office are somewhat more limited and although there is training offered in French, the use of French is not as widespread.

There are no formal long-term career development programs in the Division for any employees. In the Head Office, the two main short-term programs, one in the Inspection Branch and the other in Administration, are open to all employees but are rarely, if ever, participated in by French Canadians from Quebec. Beyond "hoping" that some French Canadians will participate, none of the present or proposed development programs have been especially conceived or designed with bilingual or bicultural considerations in mind. In consequence,

very few French Canadians in the District offices have so far expressed interest in participating in them. Some advancement and development are, nevertheless, available through the normal process of job competition and transfer in the Quebec offices.

Promotion competitions for senior positions in Montreal and the Head Office are, of course, open to French Canadians; however, the careers of French Canadians have in most instances, been limited to Quebec offices. Moreover, there is a tendency among French Canadians to disregard the options open to them in district offices in Quebec other than the ones in which they began their careers. Because of these factors, the French Canadian, on the average, is likely to have a vastly different career pattern to his English counterpart. To the extent that his career is restricted and confined this way, he has far less opportunity to advance to the more senior positions, that is, to the power and decision-making locus of the Division. It has been established earlier that advancement to the senior positions in the Head Office appears to be contingent upon: (1) professional standing, especially in accounting and (2) a willingness to relocate, that is, to have a more general inclination toward mobility. Both these factors work to the disadvantage of the French Canadian, albeit through his own choice.

There appears to be a dearth of French Canadians with professional qualifications, and French Canadians in the Province of Quebec appear reluctant to move not only from Quebec to Ottawa but among the offices in Quebec. The reasons offered for this phenomenon by both French and English Canadians are "family ties", "close knit relationships", and the desire for a familiar cultural and social milieu. The entire career of the French Canadian in the Quebec offices and especially in Montreal, can be interpreted to some extent as an adjustment to an Anglo-dominated institution with processes somewhat insensitive to the French Canadian's needs. In moves from Quebec to Ontario the effects of the adjustment on the French Canadian are likely to be a little more devastating. In Ottawa, the French Canadian from Quebec will find few other French Canadians, and of those, most will be Franco-Ontarians. On the little evidence available in this study, there appears to be a limited mutuality of values and feelings between Franco-Ontarians and French Canadians from Quebec. Unlike the Quebec office in which he was formally situated, the French-Canadian Quebecer in Ottawa will be required to speak and write almost entirely in English. He will be concerned about the quality of education offered to his children

in the Ottawa area. Finally, his proficiency and performance will likely be affected because he is forced, as one respondent indicated, "to think and work in the other guy's language". It seems that, on balance, the incremental salary inducements associated with a move or promotion from Montreal to the Head Office are rarely compensate the French Canadian for the sacrifice of family ties and a familiar milieu that he feels he is required to make.

In Montreal (and other Quebec Offices) the circumstances surrounding the career development of the French Canadian are more favourable, but they are nonetheless constraining. Bilingualism in Montreal is normally considered as an asset but it is not considered essential, except in the most senior positions. Bilingualism is not required in any but a few positions below the level of Branch Head. In fact, proficiency in both languages appears to receive, as a skill, more emphasis at the lower levels than at the intermediate ones. Usually, the importance of bilingualism is left to the discretion of the competition board. As was established in an earlier part of this report, the selection process is administered by the Montreal Office in the case of the lower levels, and by Head Office for the intermediate and higher positions. The weight placed upon a person's ability to speak French is not great. Preference appears to be

given to bilingual employees only when most other qualifications are equal. Since most other qualifications are rarely equal the "preference" ruling is largely meaningless. Some bilingual employees, are in fact, penalized for their bilingualism. This is evident in the work assignment procedures: to allow the unilingual English-speaking person to work on returns and assessing of English corporations, French Canadians are required by necessity to work on smaller, less important returns from French-Canadian firms and individuals; consequently the French Canadian's opportunity for experience in the most important assessing and audit cases is severely reduced.

Although the Montreal Office appears to have had an earlier history of discrimination against French Canadians there is no evidence that this is any longer the case. Incumbents in the most senior positions in the Montreal Office are French-Canadian. The main difficulties now appear to be a misunderstanding or misperception of policies and procedures related to career development and to bilingual requirements especially in supervisory positions. Complaints of "injustice" and "discrimination" are occasionally made by the rank and file French-Canadian employees over the results of promotion competitions. The senior Head Office management operates in ways which, to the

French Canadian in the Quebec offices, often appear "mysterious" or "suspicious". It is apparent that the earlier period of discrimination in the Montreal office has left, as one English Canadian in the Head Office aptly described it, "a legacy of distrust". Though much of this feeling appears to be confined the middle and lower levels in the Montreal organization, some of it, as we shall see later, appears to have influenced the outlook of some of the senior French-Canadian officials.

Given the present level of sensitivity, it is not difficult to understand why some French Canadians react as they do. In a recent competition held at the level of Assessor 5 in Montreal, the phenomenon of only four French Canadians appointed out of a total of fourteen gives rise to a justifiable concern. While there is no suggestion here, as there was from some French Canadians at the time of the competition, that there was any discrimination, it is clear that the career development process, for which management is responsible, did not in this instance involve the French Canadians in any proportion resembling their representation in the Montreal Office. Similarly, the inequities and imbalances that appear elsewhere from time to time only tend to aggravate the problems. For example,

in the metropolitan Quebec City area where English is the mother tongue of 4%¹² of the population, bilingualism is mandatory for the Director's position. However, in the Ottawa-Hull metro district where French is the native language of 38%¹³ of the population there is no such bilingual requirement for the Director. It is apparent that in a system organized by English Canadians, designed for English Canadians, and administered and controlled by English Canadians, there is the strong likelihood of a cultural bias.

Separation

The turnover of French Canadians in the Taxation Division is a greater problem than recruitment in that the personnel who leave take with them a considerable investment of time and money. This is the real cost of separation. With French Canadians as with other employees a high turnover rate has come to be accepted. Many French Canadians join the Division to obtain experience in Taxation and then move on to more lucrative work in either private practice or with other organizations. Exhibit 12 contains a breakdown on separation data for the Montreal office. The

12. Dominion Bureau of Statistics, 1961 Census of Canada, Vol. I, Part II, Table 70.

13. Ibid.

EXHIBIT 12TAXATION DATASEPARATION DATA - TO'S & ASSESSORSMONTREAL DISTRICT OFFICE

(February '65 to January '66 inclusive)

	Retired	Better Position	Studies	Trans. to other Dist. Off.	Trans. to other Departments	Trans. to Provincial Government	Others	Deceased	Unilingual English	Bilingual
ASSESSOR 6	1								1	
ASSESSOR 5							1			1
ASSESSOR 4		4							3	1
ASSESSOR 3	1	10		1		1	1		3	11
ASSESSOR 3A	1									1
ASSESSOR 2		2	1						2	1
T.O. 4	1									1
T.O. 3	2								2	
T.O. 2	4	3				2	1	2	3	9
T.O. 1	1	12	3				2		3	15
TOTAL 17										40

SOURCE: Montreal District Office's Personnel Records.

sample figures indicate that more than half the employees who left that office did so for better positions. The Division as a whole, especially the Quebec Office, has lost many of its personnel to the Quebec Government. The manpower needs of Quebec's Finance Department and its Hospitalization and Pension Plan administrations have been responsible for most of the loss in this direction. However, in the specific sample period covered, losses to the Quebec Government were minimal. The comparison of Exhibits 11 and 12 indicates that the input through recruitment of French Canadians surpasses by far the number being separated. For English Canadians the reverse is true. This suggests that the representation of French Canadians as a percentage of the total is on the increase.

Some local latitude, subject to Head Office approval, is allowed in the reclassification of positions, and this tactic is relied on extensively by the Montreal Office management to hold on to its key French-Canadian personnel. The grade level of a job may be changed if the job content changes or if the employee is performing satisfactorily. Reclassification is not open to competition, and it is neither a promotion nor a normal type of salary increase.

ORIENTATIONS, ATTITUDES AND PERCEPTIONS

The dichotomy of attitudes of the Taxation Division's management personnel - in the Head Office on the one hand and in Montreal on the other - are singularly revealing of some of the dimensions and constructs of the informal organization and its potential communication problems. At the same time, these attitudes help to explain the Division's expression of, and its adjustment ('or lack of it') to, bilingualism and biculturalism. They also indicate, in some measure, the readiness of the leadership within the total system for change.

Senior Head Office Management

There is a widespread acceptance among senior officials for the need, indeed the necessity, to use the language of the taxpayers and other clientele in written communication. The motivation to communicate in the clientele's language does not extend to include oral face-to-face communication at the Head Office level. The responses of the English Canadian senior management personnel to other areas of bilingualism and biculturalism fall somewhere on a continuum of mild support to overt hostility. The use of French as a working language in the Quebec Offices is seen as a necessary

accommodation of the French-Canadian majority there. In certain functional areas and at certain levels, there is a willingness on the part of Head Office officials to accept interoffice reports and other memoranda in French. While some officers expressed a personal desire, in the interviews, to learn French, few seemed sufficiently inclined to actually do so. Many of the officials suggested that there is a "need" for a greater participation of French Canadians in the Division generally, but especially in the district offices where there is a substantial representation of French Canadians among the local populations. Most of the officers gave the distinct impression that they did not believe that the presence of French Canadians in the Head Office was necessary. Generally, their notion of the role of the French Canadian in the Division was restrictively delimited. The French Canadian was seen by them as being mostly useful in the operation and administration of the District Office.

None of the officials saw themselves, their colleagues, or their "system" as being discriminatory. Basically, they do not see enough French Canadians as being sufficiently competent or willing to work in the Taxation Division. Almost all key management personnel either stated or implied that the performance of the French Canadian is generally inferior. They attributed this to an inferior educational

system, or inherent personality traits which do not, in their view, allow French Canadians to maintain the performance standards expected by the Taxation Division. Few showed little understanding of the problems of the French Canadians in the Taxation Division or in the Civil Service as a whole. The problems of insufficient participation and inadequate performance were invariably ascribed to the French Canadian, that is, "his insularity" "his fear", "his backwardness" and "his individualistic attitudes", or to the Government or control agencies, that is, "their policies", "their procedures" and "their lack of direction". The senior officials of the Division demonstrated a common, strong reluctance to accept any managerial responsibility for the imbalance in representation in the Head Office division or to initiate any programs to correct it. The stereotype of the French Canadian, in this case, is relatively easy to maintain, because very few qualified French Canadians would ever apply for openings in the Head Office.

For some officials, the notion of responsibility toward effecting bilingualism and biculturalism seemed strongly influenced by their perception of what Canadians in general want. Head Office management personnel demonstrated little comprehension of the broader meaning of bilingualism and biculturalism. To most, bilingualism and biculturalism in

the Civil Service is a philosophical, abstract, remote or elusive concept. Many assumed that it would mean that all civil servants would be required to become bilingual. Others, though more realistic in their views, still saw it as being fraught with difficulties; any implied increase in the use of French and in French-Canadian participation was often viewed as potentially interfering with the present standards and administration of the Division. To most officials, purely administrative obligations come first. The Division, as represented in the views of the English-speaking officials, does not regard French-Canadian participation as having any relationship to administration. Any sense of moral obligation in this respect has always been separated from purely administrative problems and responsibilities. The mechanistic and procedural orientations of the accountant tend to reinforce this "compartmentation". The development of an effective staffing program attuned to special problems of bilingualism and biculturalism is viewed by senior management as potentially demanding too much of its limited supply of time and energy. Up until now, other problems have seemed much more important. In general, human resource management in the Division has had a low priority as well; this is evident in the low status of the personnel function.

Notions about what adjustments could, or should be made, across the broad spectrum of bilingual and bicultural problems, were generally confined to developing bilingual skills among English-speaking employees and to giving French-Canadian employees more opportunity to speak and write French. The prospect of anything other than a Taxation Division completely dominated by English-speaking personnel was never contemplated. In this context, the changes anticipated or suggested by the senior English-speaking personnel more and more took on the complexion of concessions to French Canadians required in the face of political alterations at the federal-provincial level.

In summary, the attitude of the senior Head Office personnel both in their outlook and support of bilingualism and biculturalism varied widely. Some key officials appeared to be hostile, almost unalterably opposed to either full bilingualism or functional bilingualism; those that supported change did so mildly and cautiously with limited understanding, declaring themselves in favour of "selective" or "limited" adjustments.

Senior French-Canadian Managers

Generally, the French-Canadian officials, all but one of whom are located in the Montreal office, showed a somewhat reluctant adjustment to the present system. Although some French Canadians were prepared to suggest that one of the reasons for the underparticipation of French Canadians at the higher organizational levels is due to lack of skills among the French Canadians themselves, they were all, almost without exception, critical of senior management's reluctance or inability to do anything about correcting this situation.

In the view of most, the social and organizational system of the Taxation Division appeared to be "stacked" against them; the sacrifices that were required of them to ensure success among the "anglophones" or "anglophiles" in the Ottawa establishment were far too great, and for this reason, most of them had elected to work out their careers in the more friendly and receptive environment, in the Montreal Office. The two Franco-Ontarians interviewed showed a far greater inclination towards accepting the status quo and the conditions to which they are required to adjust to ensure their own survival.

The French Canadians in the Montreal Office recognized that they were powerless to make the changes they felt were necessary and they therefore tended to place the onus for such changes on the Head Office and Government, where the requisite authority to initiate these changes lies. Few French Canadians made any claim of deliberate prejudicial treatment of themselves, but some expressed a grave suspicion in the way promotions controlled by the Head Office are administered. It seemed obvious that much of the negative reaction of the French Canadian was preconditioned by the previously noted long history of rancour and animosity among the French and English in the Montreal Office.

French Canadians were not optimistic about changes in the future. They expressed fear that changes will be slow in coming, largely because of entrenched, unfavourable attitudes held by the Head Office officials. They indicated that they believe that the English-speaking civil servants throughout the Government apparatus do not feel sufficiently compelled to make the changes, and that the incentives and facilities to do so are inadequate. The French-Canadian management personnel in Montreal were all in favour of bilingualism, especially at supervisory levels, not only for reasons of equity, but as a practical solution to some of the work scheduling problems they currently face.

Some Contra Distinction

All in all, a divergent hierarchy of sentiments and perceptions was evident across the full range of subjects covered. In some instances, French Canadians from Quebec revealed sentiments in polarized opposition to the sentiments of English Canadians in Ottawa. There is some evidence to suggest that the senior French-Canadian employees are more prepared for widespread changes in terms of attitude than their English counterparts. However, the two Franco-Ontarians interviewed, one in the Head Office and the other in Montreal, were far more inclined than the Quebec French Canadians to accept the status quo.

Assumptions of "how things ought to be" from the wider culture and individual experiences led some English-speaking personnel in Head Office to place a high value on uniform procedures and outcomes regardless of the unique aspects of the specific situation or context like the Montreal Office. Because they sometimes express different views, French Canadians tend to be regarded as deviant by their English-speaking counterparts. This suggests a strong divergence in outlook, a certain frozenness in the organization, and serious concomitant problems of communication. The two

groupings, the one in Ottawa and the other in Montreal, are further differentiated not only by geography but by the distribution of power as well - and this power distribution apparently has a pronounced effect on how senior French-Canadian officials in Montreal view their own ability to bring about change.

The one area of agreement that appeared to emerge in the interviews was the question of a bonus for bilingualism. A premium for bilingual skills was unanimously supported at the higher levels of the Head Office and of Montreal by both French and English-speaking Canadians. The declared and implicit reasons for this varied; there was no distinction made by any of the interviewees as to whether the bonus should be paid to all bilingual personnel, or only to those who were in positions requiring this skill.

SECTION III - PROSPECTS OF AND DIRECTION
FOR FUTURE ADJUSTMENTS

Up until this point the report has attempted to delineate a picture of the Taxation Division in terms of its present organization and its bilingual and bicultural adjustments to date. The discussion has been sufficiently detailed to provide for those concerned a basis for further research and independent judgment of the recommendations in this section. As a focal point for these recommendations, an attempt will now be made to place the bilingual and bicultural problems of the Division in perspective, and to discuss their inter-relations and the solution options available.

THE BASIC PROBLEMS IN PERSPECTIVE¹⁴

The bilingual and bicultural expression of the Taxation Division can be measured in two main ways: in its external communications with the public and other clientele; and in the representation or participation of French Canadians within the Division.

14. The general contribution of some of Edgar H. Schein's ideas to the conclusions of this section is readily acknowledged. See especially his Organizational Psychology, Prentice-Hall, 1965.

The evidence is clear that the Taxation Division's communication with its clientele shows a remarkably high degree of sensitivity and adjustment. Except in some face-to-face contact of Head Office officials with French-speaking taxpayers and representatives from other countries, or from the Province of Quebec, the language of the clientele is always respected. The District Offices in Quebec, as represented by that of Montreal, have a built-in capacity for dealing with both language groups. The Head Office, on the other hand, has relied, for this purpose, almost exclusively on the available translation facilities.

Although the Division's clientele have been almost fully accommodated in the linguistic sense, the same does not hold true for the French-Canadian employees within the Division. In this respect the Taxation Division appears to be a conservatory of pre-1960 national power patterns. There are reasons for this: the accommodation of clientele is essential to a program of effective tax compliance; equivalent pressures of an immediate and obvious nature to accommodate French-Canadian employees within the Division do not exist. While some improvement can be made in the expression of bilingualism and biculturalism through its external communications, bilingual

and bicultural progress generally will depend on an improvement of French-Canadian participation. For the longer term, increasing numbers of French Canadians in Montreal and Head Office will also be required to maintain adequate tax compliance in Quebec. The consequences of a shortage of personnel competent to deal with the regional clientele in Quebec are not obvious, but they are nonetheless, serious. Government revenues can be lost because of insufficient coverage or inadequate audit and enforcement programs. The point that should be clearly noted here is that the under-representation of French Canadians in key levels of the Head Office may be an important, limiting factor in the Division's effectiveness in the Province of Quebec. This proposition is, of course, valid only to the extent that the Division's effectiveness, that is its ability to adapt and survive in the Province of Quebec, is dependent upon its sensitivity to the regional, cultural and linguistic differences found there, and to the extent that such sensitivity is increased with an increase in the proportion of French Canadians in the Head Office. The implication is that a greater number of French Canadians in the Head Office would help attract more French Canadians to the Quebec district offices and this, in turn, would improve the Division's ability in securing the cooperation of the taxpaying clientele and thereby bring about greater tax compliance.

Representation of French Canadians is, of course, found in the Taxation Division, -in its district offices and in the Head Office organization as well. The representation of French Canadians in the Head Office is proportional to their representation in the Canadian population, but the majority of their numbers are limited to the lower levels; many of those at higher levels are Franco-Ontarians. In contrast, French Canadians are found in dominating numbers at all levels in the Quebec district offices. The establishment in the Quebec City Office, for example, is almost entirely composed of French Canadians, many of whom are unilingual. Even though the district offices in Montreal and Quebec have a high percentage of French Canadians, at least in proportion to the population which they serve, they are nonetheless understaffed. In some instances, staff shortages appear to have reached critical proportions.

The proportional representation of French Canadians at all levels in the Quebec district offices is, of course, a happy situation but it does not allow for the participation of French Canadians in the vital decision-making duties of the Division. It has already been demonstrated that in the case of the Taxation Division,

power is concentrated in a few Head Office positions, even though the senior district office positions are almost equally as remunerative. The problems of underrepresentation of the French Canadian in Head Office, and the staff shortages in the district offices, are inextricably related. Causes for the one problem often serve to explain the other. And there are non-causal connections as well; the career channels of the Division are such that all the district offices together provide the main source of manpower for the Head Office; senior positions in the Head Office are usually filled from within the Division through promotion competitions; therefore, the participation of a French Canadian in the Head Office is dependent on the minimum condition of adequate numbers of competitively qualified French Canadians in the district offices.

Though part of the problems of French-Canadian participation lies beyond the capability of the Taxation Division to solve (that is, with the control agencies, with the educational systems, and as a function of the dynamics of the labour market), there has not been any impressive adjustment in policy and program in areas where divisional latitude and initiative have been possible.

In consequence, this inaction has had a pronounced, negative effect on the career patterns and career development of French Canadians. In senior categories in Montreal, it appears that opportunities for qualified bilingual French Canadians are as good or better than those of the unilingual person. However, the schemes to develop the necessary competitive qualifications in French Canadians have been lacking. In Ottawa, the opportunities for French Canadians who are willing to work and otherwise function in an English milieu are equally good or better than those of English Canadians because some senior personnel "feel" that there is a need to rectify the present French-English imbalance at senior levels. But, French Canadians, it is clear, are unwilling to make the adjustments necessary to work and function in this kind of setting. It seems that the "need" for greater French-Canadian participation, though recognized, is not of sufficient intensity to motivate, or to bring about management action. None of the internal divisional policies, or procedures, reflect the concern expressed by some senior personnel about the recruitment difficulties in Montreal and the under-representation of French Canadians in Head Office. Such measures that have been undertaken have not met with notable success and the attendant frustration has apparently

lead to a consideration of alternative tax administration programs, all of which share the common strategy of withdrawal from Quebec by either shifting the work load to the Ottawa District Office or by transferring the tax assessing and collecting responsibilities to an independent commercial agency or indeed to the Province of Quebec itself.

What are the causes for the underparticipation of Quebec French Canadians in the Head Office? There are a number of possibilities. First, an obviously small number of qualified French Canadians seem willing to leave the Quebec Offices to work in the Head Office. Second, the small number willing to work in the Head Office are often not sufficiently qualified to be successful in the promotion competitions. Third, those that are both willing and qualified may be excluded through discrimination. Similarly, in the Quebec area, French Canadians may be unwilling, unqualified or excluded from joining or staying with the Division's district offices and instead seek out work with competitive employers.

The evidence of this study clearly and unequivocally excludes any systematic discrimination as a main cause of French-Canadian under-representation in the Head Office. Such discrimination that does exist is unsystematic, unconscious, sporadic and principally as a result of the

built-in cultural biases of the career development processes. A combination of the first two possible causes seems more likely; that is, through a combination of the French Canadian's unwillingness to leave Quebec and in some instances his inadequate qualifications, the ethnic-linguistic imbalance, in the Head Office and the generally under-staffed position of the district offices in Quebec, are being preserved.

We might now profitably look at the means of eliminating this dilemma. What strategic options are open to the Taxation Division to achieve a better balance of French Canadians in the Head Office? There appears to be two broad mutually exclusive options. First, it could lower its standards in recruitment and in promotion competitions in order to admit the less qualified French Canadians and then to accelerate their advancement. Such stop-gap measures may be expedient as a short-turn solution. However, in light of the technical and professional demands of Division's tax assessing and collecting function and the need for the Division to maintain its present performance and security standards, such measures would only lead to serious difficulties for the organization and for the French Canadians themselves over the long term. The Division could and should

develop the climate and conditions more consistent with the expectations and needs of French Canadians, which would at the same time provide the means for increasing the number of qualified French-Canadian employees within the Division. In other words, it must develop rewards and opportunities which will enable the French Canadian to achieve the degree of satisfaction and growth competitive with, indeed greater than, that available elsewhere. Affirmative action is demanded here simply because traditional methods of operating have proven to be inadequate.

The reasons for the French Canadian's reluctance to move to the Head Office or, for that matter, to join the Division in the first place, are at least tentatively explained by the research data, and some generalizations may be usefully made here. The methods currently used in recruitment and career development, and indeed the very organization structure and climate, may be producing the conviction among French Canadians that the Taxation Division is unconcerned about their personal capacities and needs. The evidence suggests that such a conviction would not be far removed from reality. French Canadians are, from the very beginning of their careers in the

Taxation Division, required to make serious adjustments to conditions that run counter to their own dispositions. Progress to the higher echelons, indeed their very survival, is dependent upon their socialization in a work milieu dominated by the English language and English-speaking personnel. The fundamental inequity for the French Canadian is, that while he must be able to work in English in the Head Office, and to learn English to get ahead in the District Office, similar demands are not placed on the English Canadian. The latter may begin his career at the very lowest of echelons and end it as Deputy Minister with little or no comprehension of French.

While the regional offices provide French Canadians some opportunity to satisfy their social needs through the use of the French language and an interaction with other French Canadians, such is not the case in the Head Office. French Canadians as a group join the Taxation Division with skills and backgrounds, and experiences substantially different to other ethnic groups. Formal, uniform, career development policies and programs which fail to recognize these differences only increase the French Canadian's disenchantment. It is therefore possible that French Canadians, in making the necessary adjustments also became anxious and insecure and are therefore

likely to be restrained and uncommitted. Recently, an increasing number of qualified French-Canadiar employees of the Taxation Division have been attracted to alternate sources of employment where the possibility of need satisfaction (economic, social and personal achievement) appears to be much greater. Employers, like the Government of Quebec for example, not only pay more but they do not make the same rigorous demands for linguistic and social adjustment as does the Taxation Division.

Three credible reasons for the failure of the Taxation Division's management to deal concertedly and decisively with these problems can be summarized: (1) bilingualism and biculturalism is not perceived by the Division senior management as having any relationship to the question of the Division's effectiveness and administration: the principles of consistency and of efficiency (not effectiveness) pervade management's thinking and decision-making processes; (2) obligations towards bilingualism and biculturalism, as a question separate from administration, is relatively low on management's perceived list of obligations; (3) the policies of the control agencies constrain, or at best, do not encourage initiative that could be exercised at the divisional or branch level.

Radical changes will be required in many areas. In addition to appropriate financial rewards, the French Canadian must be given the opportunity of working in his own language -- in the district offices and Head Office, -- and he must be provided a genuine opportunity for promotion and personal development. A whole new set of divisional policies and programs especially attuned to the problems peculiar to the French Canadian are needed. These policies will require reinforcement by and support of the broader policies of the control agencies and the Federal Government. The Taxation Division must develop a recruiting program that makes the French Canadian feel wanted and promises him equitable opportunity. In an effort to fulfill these promises, the Division must design a career development program which will stimulate the growth and advancement of French Canadians to the higher levels of administration and policy-making. Perhaps structural changes will also have to be made to permit and to protect the use of French in Quebec and in the Head Office. If the French Canadian is to be attracted to the Division, committed to its policies and mobile in his career, the Division must develop the climate, conditions and rewards necessary to elicit this kind of involvement.

THE ADJUSTMENT POINTS

This section discusses the areas of formal organization which require change and the extent and manner in which change within these areas is possible.

Structural Change and the F.L.U. Strategy

A major strategy proposed as a means of achieving bilingualism and biculturalism in the Federal Public Service, is the French language unit (F.L.U.). The description of and rationale for the French language unit has been thoroughly presented elsewhere and the purpose here is merely to tentatively discuss the applicability of this strategy to the Taxation Division. It is suffice to repeat that the French language unit is conceived as a means of institutionalizing the French language in key Federal Government departments and of providing employment opportunities to unilingual French Canadians as well as language training opportunities to unilingual English Canadians. In terms of our own previous discussion, the French language unit would serve well as a means of satisfying the social needs of French Canadians and of providing a work milieu with a minimum of cultural bias. There are three types of French language units:

1) the regional multi-functional unit; 2) the central (single and multi-functional) unit; and 3) the sub-unit clusters. Which of these are workable propositions for the Taxation Division, and in which areas?

The Regional Unit

All the Taxation Division's four separate district offices in the Province of Quebec, (Montreal, Quebec City, Sherbrooke and Rouyn,) lend themselves to gradual "unilingualization". Montreal is the most bilingual of these offices and Quebec City perhaps the most unilingual.

In Montreal, unilingualization would be constrained by two main factors: the relatively large proportion of unilingual English employees including supervisory personnel, and, the present low bilingual capability in the Head Office. Given appropriate language training measures, many of the present unilingual employees in Montreal could become bilingual. Alternatively, they could be grouped into English unilingual units within the Montreal District Office. However in some respects, this type of grouping already exists and it has proven to be troublesome. As indicated earlier in the report, because of their linguistic limitations the English-speaking assessors must be assigned to work connected

with English corporations. They thereby obtain better experience, because such corporations are usually the largest, and the related assessing problems are more complex. From the point of view of the equitable distribution of experience, the conversion of the Montreal Office to a French language unit with bilingual capability for dealing with its own clientele and with other organizational units in the Head Office would seem to be a most appropriate strategy. If the larger, more complex assessing jobs were reserved for personnel with proficiency in both languages, more career development opportunities would be open to employees with bilingual skills or to those with the willingness to develop them. The bilingual French-Canadian personnel would accordingly be rewarded rather than penalized, as is the case at the present time. Some unilingual English employees in Montreal will undoubtedly be either incapable or unwilling to develop the necessary competence in the second language and therefore, every effort should be pursued to ensure that such personnel are otherwise accommodated in the Division; however some loss and dislocation will inevitably be involved.

It must be noted that the conversion of the Montreal Office to a French language unit will present some serious staffing difficulties. Currently, about 10% of the employees hired by the Montreal Office are English unilinguals. (See again Exhibit 11). Considering the present staffing difficulties, these recruits represent a still vital source of employees that the Office can ill afford to lose. Changes that eliminate this source, or accelerate the turnover among unilingual English Canadians now on staff, must be compensated for by greater staffing success among unilingual and bilingual French Canadians. It is anticipated that the recommended improvements in rewards (financial and otherwise) and other conditions encouraging to French Canadians would so bolster the competitiveness of the Taxation Division in the labour market as to make such success highly probable.

The development of receptive bilingual skills among the Head Office employees will undoubtedly pose a major problem. The time required for this purpose will necessarily be lengthy. Although the Montreal Office has a certain readiness for change, unilingualization should probably begin in the smaller offices in Quebec City, or elsewhere, and end in Montreal. This would allow

the Montreal Office, and the Head Office to plan for and make the necessary, preparatory adjustments. At the same time, the gradual unilingualization of the Quebec offices, from the smaller to the larger ones, would serve to pace the development of receptive bilingual skills in the Head Office.

The characteristics of the Montreal District Office satisfy the criteria for a regional French language unit predetermined by the Public Services Division of the Commission. It is large, diversified, and at a significant level in the overall departmental hierarchy. Furthermore, its director is only one step below the Assistant Deputy Minister. Nevertheless, it suffers from the weaknesses inherent in most regional units of the Federal Government departments; it is removed from the power centre of the Division.

The Central Unit

There are three basic options open in the development and designation of French language units in the Division's Head Office. First, one or more of the Head Office branches could be designated as unilingual. Second, one or more of the Head Office branches could be split along linguistic

lines. Third, one or more selected sections within each of the branches could be designated as unilingual or otherwise split into unilingual units.

The first two options, which contemplate the formation of unilingual units up to the level of Branch Director, present an almost formidable array of difficulties; the third option offers a unique opportunity for experimentation.

Designating Existing Units as a F.L.U.

Except for the Planning & Development Branch and the Inspection Branch, both of which operate with some degree of independence from other Head Office Branches, the interdependence among Head Office Branches is generally strong. The designation of any one of the Legal, Assessments, or Administration Branches as a French language unit would create for that Branch serious problems of communication with the other two. Most of the work input and output of these Branches would still be in the English language and the probability of French developing internally as a working language would be extremely remote. Furthermore, overwhelming difficulties would be encountered in dealing with the district offices. In the case of the Inspection Branch, contacts with English-speaking district offices

would make the use of French extremely difficult, for here again, the work input and output would be predominantly English.

Splitting Existing Units into Two Separate Language Units

The wholesale, non-discretionary splitting of Head Office branches along linguistic lines could hardly be justified under any circumstances. Many of the sections in these branches are already small; the duplication of these sections by separate linguistic groupings, one for English and one for French, could not be supported on the basis of existing work loads. The volume of work that would be involved in the French language unit in serving either the French language district offices or other French language units in the Head Office would be minimal. In many instances, as a consequence of the duplication, additional personnel would be required within each of the units to round out the skills and functions previously available in the one unit. The resulting inefficiency would offset the advantages gained in other respects. Moreover, many of the sections within the Head Office are responsible for the development of policies and procedures which, for reasons of consistency, must continue to be developed centrally by one unit. The tax collection function with

its emphasis on uniformity, could not tolerate the development of separate policies by separate units. In some cases, the need for communication between two sections of a common function but of separate linguistic groupings would be so intensive as to threaten the authority structure within the French language grouping. Finally, in many respects, the resultant organization created by a linguistic division would be lopsided, the French unilingual unit being comparatively small and powerless.

Selective Unilingualization

The third option is based on the belief notion that the French language units will be more viable if their designation and creation respect the work-flow paths within the Head Office and between the Head Office and the districts. Selective unilingualization is an attempt to recognize the functional interdependence of organization units within the Division. Essentially, this option envisages the formation of French language organization units in the Head Office at centers along the work-flow paths which currently or potentially carry a reasonable volume of work in the French language. It also recognizes the Taxation Division's need for a functional organization

and protects it against artificial, lopsided regionalization. Presently, the Division's Head Office is organized by function and by area, that is, the organization units of the Head Office that work with, provide assistance to, or control over the district offices are often subdivided by region when the volume of work input from the regions warrants such an organization. For example, the legal Branch's Appeals Sections are organized this way (one for Quebec), as is the Special Investigations Section in the Assessments Branch (one for the East). Both these organization units have an immediate potential for unilingualization. Other centres along the work-flow paths might be similarly discovered. For instance, the Review Section (Assessments Branch) which is currently organized by taxpayer types might be reorganized by language and taxpayer type in order to facilitate the development of unilingual networks.

There are a number of units which, by virtue of their function and communication patterns, will be responsive to the French language unit strategy. However, the objective should be to develop a network of mutually supportive unilingual centres, boud together by a common work-flow path, and reinforcing one another through a

common linguistic input and output. As part of the option, the supervisors of these unilingual centres (either sections or groups) would have to be bilingual, as would be the branch directors or assistant directors to whom these supervisors would report. Clearly, this option does not necessarily guarantee career opportunities in the French language up to the level of branch heads. However, there are few options that can make this guarantee. In all schemes, there will undoubtedly be some bilingual gaps through which a French Canadian will be required to pass. Indeed, an individual's progress to the higher levels would be contingent upon his development of bilingual skills.

This study did not collect the data necessary to allow for a firm, definitive conclusion about the workability of the French language unit in the Taxation Division's Head Office. Preliminary analysis suggests that modified, selective French language units, which are based on inherent task relations of the Division's organization units, have a reasonable chance of success. A failure to organize these language units on this basis would create a general stress in the organization and would produce very serious problems of coordination among the units; groupings designed

by solely linguistic considerations would run counter to more natural groupings dictated by task requirements.

A regrouping and reorganization of Head Office functions may assist in differentiating French language clusters with wider organizational boundaries. For example, certain units within a Head Office branch may now have more intensive relations with units outside of the branch than it has with units within the branch. If this is so, there may be a possibility for a self-contained language grouping composed of a number of subgroups organized under separate branches. A formal cluster of this kind would help maintain the integrity of the French language unit's individual constituents. Further study will be necessary to determine more exactly the functional interdependence of Head Office units. The study will have to include a detailed examination of work and communication input and output, their nature and frequency.

Other Structural Changes

As an alternative to, or coincident with, modifying the structure of the Head Office units in accordance with the French language unit concept, it might be possible

to deconcentrate some of the present Head Office functions, that is, to decentralize activities to the district level. This would be done primarily to increase the scope of career opportunities now available to the French Canadian from the Quebec offices, and would involve appointing from these offices representatives to act on behalf of Head Office. These representatives of the Head Office would be located in Montreal and might, in aggregate, constitute a mixture of line and staff functions. The Head Office units that could lend themselves to this kind of deconcentration include the Legal Branch, the Inspection Branch, and the Personnel Section. The district components of these Head Office units would perform the same functions now being performed in the Head Office and would work on a regional basis dealing only with the district offices in Quebec and perhaps other selected eastern areas. This field office would work closely with the district offices but would be independent of district office authority. This would be necessary to ensure both the integrity and objectivity of such field representation. Conceivably, the isolation of these field offices from the Head Office might constitute a serious drawback in communications. Uniformity in policy would be more difficult to maintain, thus making it necessary to exclude policy-making units from the scheme.

The field office would not serve as an intermediate level between the District Office Director and the Deputy or Head Office branch directors. No new level of authority is contemplated here at all. Under the present authority and communication patterns such a level would only bring together powerless aggregates; fundamental authority and influence channels would still connect the Deputy and his Head Office directors directly with the District Director and his immediate subordinates. The chief advantage of this field organization is that it could be used as a first step in improving the mobility of French Canadians and in the training of French Canadians for eventual moves to the Head Office. This advantage would apply more especially to the personnel located in the district offices outside Montreal, who might be more reluctant to make career moves to Ottawa without a transitional period of training.

General Staffing

All attempts to further adjust the Taxation Division to bilingualism and biculturalism must be preceded by the development of an appropriate manpower plan. Such a plan will have to be developed in light of government and control agency policies and it must be integrated

with the structural changes made. The main purpose of the manpower plan, as related to bilingualism and biculturalism, would be to set the stage for short, and for long-run programs for the continuous staffing of the organization with French Canadians and English Canadians with bilingual skills. The plan would include an analysis of skill levels among French Canadians new in the organization, the identification and designation of bilingual posts in the district offices and Head Office and it should include the assessment of the linguistic skills among present and potential management personnel in both major ethnic groups. Like most manpower plans, it would also include an analysis of both current and expected vacancies.

Manpower planning would be interrelated with recruitment, current development and other personnel administration processes, and it should set the tone for activities in these areas. The plan should indicate what numbers of new recruits will be required and what training and development of present staff is needed. The plan should include broad, flexible, but explicit objectives for French-Canadian participation, and for the bilingualization of English-Canadian employees. As part of the general manpower plan, monthly or quarterly reporting of the number of French

Canadians and bilingual English Canadians employed in each occupation classification and organization unit, should be developed to provide management and external agencies with the necessary statistical data.

Recruitment

The practices used in recruiting French Canadians for the Taxation Division have improved considerably in the last few years; nevertheless, the problem of under-participation persists. As indicated earlier, recruitment is only one of the many processes in personnel administration. It is dependent on, and related to, such other problems as training, career development and remuneration. Therefore, changes in these other areas must precede changes in recruitment before noticeable improvements will be brought about. However, some possible changes in the recruitment area may still be explored.

First, the Taxation Division should consider developing a summer fellowship program, a program, which would give university students opportunities for summer employment at competitive salaries that would more than cover their university tuition costs. A program of this nature might

be difficult to institute because of the minimum number of positions in the Division in which students can be gainfully employed during the summer months. Given the seasonal work load of the Taxation Division, an effect would have to be made to seriously seek out and organize jobs within the Division in which students could be productively employed.

Second, as an alternative to the first proposal, the Division should explore the possibility of entering into cooperative arrangements with the universities along the lines of the programs now run by Waterloo and Sherbrooke; this would mean that students would be required to work for six months in the Taxation Division and study for six months at university.

Third, the Division should explore the possibility of entering into a cooperative recruiting and/or training scheme with the Province of Quebec for categories in which there is now a short supply or a need for upgrading in professional competence. This cooperative scheme might be extended to include the establishment of public administration institutes at any number of the universities.

Fourth, the Taxation Division might profit by more aggressive recruiting on the part of the Division's district personnel officers at English-speaking universities in Montreal for work assignment in Toronto, and elsewhere. At the present time, there appears to be little cooperation at the district level between personnel officers. The English language universities in Montreal are a virtually untapped source for English-speaking candidates with a higher potential for bilingual skills. Subsequent intensive language training, of English-speaking university graduates hired in Montreal from these sources, would help to accelerate the development of the Taxation Division's bilingual capabilities.

Fifth, more attractive public relations materials emphasizing career development opportunities within the Division for university graduates and professionals should be prepared with the French Canadian specifically in mind.

Career Development

The area of career development for senior and professional personnel represents the greatest potential for change in the Taxation Division.

First, a program of pre-training for all senior and professional bilingual posts in the Taxation Division should be established. This would involve: 1) clearly specifying the skill requirements for adequate performance in such positions; 2) determining which of the Taxation Division employees have the potential to fill such positions; and 3) developing schemes designed to train interested candidates in advance. This training might be given to the employees partly during the workday and partly on the employees' own time. The actual training might be given internally by the Division's own personnel, externally, by the Civil Service Commission or by the universities, or by a combination of all three. The principle of selection by competition need not be eliminated. Competitions could still be used to select candidates for the training program, and competitions could, of course, continue to be used for promotion purposes. As a tactical approach, such training should begin with the senior positions in the Head Office and expand to successively lower levels.

Second, a program of extended visits or, a modified system of developing regional experience should be launched on a Division-wide basis. This proposal envisages senior French-Canadian officers from all of the Quebec offices paying extended visits, up to three months or more, to other offices within Quebec, the Head Office, and elsewhere in the Division. The objective of this plan is to encourage an exchange of views at the District level and so expose French Canadians to the Head Office and other offices as a prelude to moves on a more permanent basis. Similarly, English-Canadian personnel from non-Quebec offices might profitably visit the Quebec offices; as part of this scheme district offices might be encouraged to develop expertise in certain areas of district office administration through formal study groups and other means. The expertise so developed might be made available, on an ad hoc basis to other district offices, and so provide the personnel involved with opportunities for wider regional experience and exposure.

Third, the Taxation Division should approach the professional accounting bodies (Certified General Accountants Association, and the Society of Industrial and Cost Accountants) and other groups with the aim of

obtaining their cooperation in accelerating the accounting training of Taxation Division employees studying for professional certification.¹⁵ Shorter programs of a more intensive nature might be possible. Lower standards could be avoided by offering employees the opportunity for some, full-time instruction. Currently, professional certification by the C.G.A. group, for example, requires about five years of part-time evening study.

Fourth, alternatively, the further introduction of special certificate programs in accounting, especially designed for the Taxation Division, might be explored with the professional associations or with universities. Such programs would emphasize the skills of special importance to the Taxation Division, such as auditing. These programs would serve to augment the training received by university Commerce graduates without requiring them to go through an extended period of part-time study after graduation to earn regular certification.

Fifth, the policies and procedures used to administer promotion competitions should be clarified. The weight of the various selection factors for all positions should be made known to employees even before the selection board meets. The selection board itself, even for

15. Although some co-operative arrangements is known to have already been concluded with S.I.C.A., further probings and explorations are advocated here.

competitions which are administered by the Head Office, should always include French-Canadian representatives, in particular the directors of the district offices in Quebec. In addition, the possibility of the Head Office devolving more authority to the district offices in promotion competitions should be explored as a means of improving personnel administration skills at a regional level and of developing a more favorable climate for promotion competitions. In general, every effort should be made to spell out in detail all the policies and procedures covering promotion competitions. Merit, of course, should continue to determine the final selections in promotion competitions and this should also be made explicit in the policies.

Financial Remuneration

The adjustment objectives for the Division will require the reinforcement of an improved system of remuneration. Present incentives are not coincident with, or supportive of, bilingual and bicultural adjustments.

First, along with other Government departments in the Civil Service, the Taxation Division should introduce a substantial bonus for bilingualism. This bonus could be paid to all personnel possessing bilingual skills, or, only to bilingual personnel on jobs requiring bilingual skills. The first, more widely applied incentive would be more costly, and it would have no bearing on the actual needs of the Division. The second alternative would base the bonus system on a recognition of the skill requirements of the job. Bonuses might be split according to the level of bilingualism required, that is, functional bilingualism or full bilingualism. A position requiring a fully-bilingual incumbent would have a larger bonus. Bonuses could be added to the base salary for any single classification or, alternatively, it might be added on a percentage basis (10%, 15%, etc.) to the salary of the incumbent, regardless of his level within any classification. In all cases, bilingualism should be worth more at the more senior levels. Clear definitions of functional and full bilingualism and supporting tests of proficiency (valid and reliable) must be developed if the effectiveness and integrity of the bonus scheme is to be maintained.

Second, as a means of encouraging participation in Head Office competitions by all personnel, but especially French Canadians, a mobility incentive should be built into the present salary structure. This mobility incentive could take two forms: the incumbent, on moving to the Head Office, might be given, in addition to his moving allowance, an allowance for re-settlement purposes. This would represent a large percentage of his salary and might be spread over two to three years subsequent to his move. Alternatively, all jobs in the Head Office to which employees in the district offices might conceivably move, should be placed in higher salary ranges, even though the job content and the qualifications required might be identical to the equivalent job in the District Office. This incentive would clearly violate the principle of equal pay for equal work; however, this principle has proven to be unrealistic in that it fails to account for different regional conditions of supply and demand. The Division is now having difficulty in attracting personnel to the Head Office from the urban centres with high labour demand. One of the main reasons for this difficulty is the relatively small salary increments normally associated with moves from the districts to the Head Office. The mobility incentive would make such moves more attractive in terms of money.

THE ORGANIZATION OF CHANGE

Dealing With Employee Reaction

To be effective, even in the quasi-coercive context of the Civil Service change will require a high level of acceptance. The acceptance of change in the Taxation Division will depend, to a large extent, on how the employees perceive this change in terms of its effect on:

- 1) their present and potential status within the Division; and
- 2) the operation and administration of the Taxation Division.

It should be expected that employees (French and English Canadians) will be greatly concerned over what the proposed changes can mean to their future, and therefore, every effort should be made to minimize this concern. In addition to clearly enunciating the goals of the bilingual and bicultural adjustments within the Division, an attempt should be made to spell out in detail the changes that will be required of personnel and how the Division (Government) proposes to help the employees make these changes. The policy revisions proposed are not self-enforcing. They represent a sharp

contrast with past practices and some resistance can be expected regardless of plans to minimize concern, to limit dislocation and to clarify the direction of the program. If, as suggested by some of the data, there is a somewhat greater readiness on the part of French Canadians for change, this should provide a facilitating or a sustaining force and counterbalance to the resistance that might be generated among English-speaking employees.

Given senior management's present emphasis on control and its predisposition for efficiency, adjustments toward fuller expression of bilingualism and biculturalism in the Taxation Division will be more readily accepted if they are not perceived as reducing either control or efficiency. Positive themes, extolling the virtues of bilingualism and biculturalism in pragmatic terms should be used. For example, the position taken earlier in this report with respect of the importance of French-Canadian participation in the Head Office for the overall effectiveness of the Division in Quebec might be profitably used to promote acceptance.

Directing, Co-ordinating and Monitoring

Bilingual and bicultural adjustments within the Taxation Division must be directed, coordinated and monitored by a central group. This group should have a high formal status within the Division and good communication and influence links with the Head Office branches and the district offices as well. In addition, it should be free of the day-to-day line operating problems and so be in a position to play the somewhat detached, neutral role of arbiter. None of the organization units in the Head Office now meet these requirements.

Bilingual and bicultural adjustment, as a process, is inter-connected with other processes in personnel administration. Responsibility for these processes is now widely diffused throughout the Division. No one, high ranking unit gives exclusive attention to this area. The Personnel Section of the Administration Branch hasn't the requisite authority, influence or resources. For the longer term, a Personnel Administration Branch should be established to develop, maintain and coordinate manpower planning, recruitment, and career development throughout the Division. Eventually, such a branch would also be

made responsible for directing, coordinating and monitoring the bilingual and bicultural adjustments of the Division. Properly staffed, it would help the Division to develop fuller competence in the area of Personnel Administration, and it would prepare the Division to accept the further devolution of authority over personnel problems by the Civil Service Commission. If the question of bilingualism and biculturalism were entirely disregarded, it could be argued that in an organization with approximately 5800 employees, so dependent on a constant intake, development and mobility of its human resources, that a more consistent, high-level central direction of its personnel policies and programs is necessary.

For the short term, a special task force of key, influential personnel in the Division, including perhaps the Deputy Minister himself, one or two Head Office Directors, and an adequate representation of senior French-Canadian officials including possibly one or two district directors from Quebec, should be formed to deal with bilingualism and biculturalism in the Taxation Division. The responsibilities of this task force would be to make within the context of government and control agency policies, detailed studies of the problems arising from the adjustment

to bilingualism and biculturalism the means to overcome them. The work of the task force might be extended to include the preparation of the Division's first master manpower plan. In any case, the work of this ad hoc group should lead to a clear, unequivocal statement of objectives and means relating to the development of bilingualism and biculturalism in the Taxation Division. Some of the members of this task force might eventually become members of a new Personnel Administration branch. Provisions for such continuity should be planned in advance.

Timing of Implementation

Unless the implementation of the changes suggested by this study is extended over a relatively long period of time, the Taxation Division will be subjected to intolerable pressures. Studies by the proposed task force should give some attention to the question of a schedule for implementation. Such factors as available manpower supplies, effects of policy changes on the competitiveness of the Taxation Division in the labour market, training needs and training time required, and attrition rates, will all have to be closely examined.

Premature changes or accelerated schedules unrelated to the realities of the environment and internal resources will do irreparable damage.

EXTRA-DIVISIONAL IMPERATIVES

Almost all the changes proposed for the Taxation Division will require a well-integrated, supporting framework of government and control agency policies. Indeed, most of the proposals would seem to require parliamentary legislation and/or orders-in-council on a Civil Service-wide basis. Since this report has not treated evidence developed elsewhere by the Commission, generalizations for the Civil Service as a whole would be perilous. However, a number of perhaps obvious points may be usefully summarized here. First, because of the inertia within the Taxation Division, external direction and follow-up of a bilingual and bicultural adjustment by a central agency will be required. Second, increases in the Taxation Division's establishment will be necessary for greater flexibility in career development programs.

This will require modification in the control dominated thinking which has thus far prevailed in the control agencies, especially the Treasury Board. Third, the proposed changes in the system of financial remuneration assume a radically different outlook and perhaps a whole new set of principles and guideposts for wage administration. Fourth, more and better language training facilities will have to be provided by the Civil Service Commission. Finally, translation services of the Secretary of State's Department will require major wholesale improvement and integration with departmental operations.

APPENDIX A

THE HEAD OFFICE: FUNCTIONS AND CLIENTELE

THE ASSISTANT DEPUTY MINISTER

The Assistant Deputy Minister shares a number of duties with the Deputy and substitutes for the latter as required. In concert with the branch directors, the Assistant Deputy works on complex, non-recurring problems. For instance, at the present time the Assistant Deputy Minister is working on the Canada Pension Plan and is generally overseeing the Division's adjustment to it. Although the directors in the Head Office and district organizations are responsible directly to the Deputy Minister, they may refer to the Assistant Deputy Minister certain matters in which he is either currently involved, or has special expertise. Generally, he is less involved in organizational and personnel problems and more involved with matters at the technical level than is the Deputy Minister.

THE LEGAL BRANCH

This branch is the legal advisor of the Taxation Division. In cooperation with the Justice Department it handles all the legislation for the Division (Crown) with respect to assessment (appeals and enforcement) and collection, and it provides legal rulings and opinions to the Assessment

and Administration branches. The Branch is organized into sections which correspond to the main functions of the Branch: appeals, enforcement, advisory and registration. All of these sections report to the Director through his assistant.

The intra-divisional contacts of this branch include the two main Head Office Branches (Assessments and Administration), and the District Offices. The clientele of the Branch includes the Finance Department, the Justice Department, taxpayer's corporations, (individuals and estates) taxpayers representatives, lawyers, and accountants.

Appeals Sections

There are four Appeals sections organized along regional lines; one for Toronto, one for all Quebec, one for the Maritimes, Manitoba and all areas in Ontario excluding Toronto, and one for Saskatchewan, Alberta and British Columbia. These sections deal with appeals involving income tax, estate tax, and succession duties. The appeal procedures are usually quite involved. Any taxpayer (corporation, individual or estate) under the terms of legislation may file an objection to an assessment at the appropriate local district office. The objection is reviewed by the District Appeals Sections (Assessments Branch), and a settlement may be reached either by the district office's reduction of the

assessment or by the taxpayer's withdrawal of the objection. The Appeals Sections of the Head Office Legal Branch become involved only in those cases which cannot be settled at a district level. In this event, a second review is conducted by the responsible appeals section and a judgement is then made as to whether the objection should be allowed. A taxpayer may appeal the declination of his objection to a Tax Appeal Board and a further appeal from the decision of that Board may be made to the Exchequer Court and, finally, to the Supreme Court of Canada. The Taxation Division is represented at the Tax Appeal Board hearings by one of its own lawyers. However, cases taken to the Exchequer Court are the responsibility of the Justice Department, although Taxation Division lawyers or outside agents may assist.

Enforcement Section

Enforcement activities of the Legal Branch involve prosecution of offenses under the Income Tax Act. Such cases are normally instituted by the district offices and referred to the Enforcement Section after the considered review of the Special Investigations Section of the Head Office Assessments Branch. Lawyers of the Enforcement Section are not themselves allowed to prosecute criminal

cases before the courts, but they advise and collaborate in the preparation of such cases with local lawyers appointed by the Justice Department who act as Federal Government agents in these matters.

Advisory Section

Lawyers in this section render opinions and answer questions of interpretation on civil matters raised primarily by the Assessment and Administration Branches. Most of the referrals to the Advisory Section are made through the Technical Section of the Assessments Branch. The Advisory Section has the additional responsibility of preparing Regulations under the acts administered by the Division. Drafts of the Regulations are prepared in committee with representatives of the Technical Section, Assessments Branch, and submitted to the Deputy Minister of Taxation, the Finance Department and the Department of Justice for review and approval prior to submission to the Cabinet.

Registration Section

This section, unrelated in any direct way to other Legal Branch activities, is responsible for the administrative function of reviewing applications for the registration of pension plans, retirement savings plans, profit-sharing plans, and supplementary unemployment plans. Contributions to such plans are allowable for tax deduction only if the plans have been duly registered.

THE ASSESSMENTS BRANCH

The Assessments Branch is responsible for interpreting the acts under which assessments are levied, for determining policies, procedures and programs designed to insure that assessments will be uniformly handled in all areas and for providing advice and research assistance to the districts on technical assessing matters. This branch also reviews district assessments and assists the district offices with investigations of taxpayers suspected of income tax violation. It is organized into seven separate sections. Four of these, including Organization & Training, Operations & Development, Special Investigations, and Estate Tax report directly to the Branch Director; the remaining three Technical, Review, and Provincial & International Relations are grouped together under the Assistant Director.

Organization & Training

This section is primarily involved in the review of Head Office Assessments Branch establishment proposals and, similarly, for the review of assessment establishment proposals of the district offices and of the Taxation Data Centre. It is also responsible for developing related organizational patterns, directing the preparation of work load statistics to determine assessing staff requirements, and for carrying out job analyses for classification purposes.

It is responsible for identifying training needs in assessments and for assisting the districts in carrying out training programs. The training activities of this section are, generally, of a technical variety. Finally, the Organization & Training Section reviews policies and develops new proposals with regard to promotions, reclassifications, transfers, accelerated increases, and staff appraisal. Contacts are made and maintained by the personnel of this staff with the district chief assessors, the district training officers, and other Head Office section supervisors. It also deals with the Personnel Section in Head Office and, occasionally with the Treasury Board, in matters of classification and establishment proposals.

Operations & Development Section

The responsibilities of this section are divided among three basic groups. The Programmes & Procedures Group is responsible for recommending improvements in the district offices' reassessing programs and solutions to related problems, for evaluating and disseminating information on work selection methods and audit techniques, for suggesting post-audit programs and for developing performance standards and statistics for management purposes. It is also responsible for studying and simplifying district office internal

procedures, maintaining the Assessing Manual and related procedural instructions and for the initiating and controlling of new forms and revisions to the existing ones. The Systems Analysis Group has, since the inception in 1961 of the computer in the Taxation Data Centre, studied the systems and procedures of the Head Office Assessments Branch with a view to identifying those suitable for application to the computer. As part of its responsibilities in this area, it designs the related procedures and prepares the written instructions. Finally, the Operations Research Group establishes work selection rules to maintain a balanced reassessing program in the district offices; also, this group applies operations research techniques to the study of problems related to the management of reassessing programs.

In the process of performing its responsibilities, the Operations & Development Section deals with the district office assessing personnel, the Inspection Branch, and the Data Centre; it also consults with national organizations to arrange for information to be supplied by them to taxpayers to support taxpayer claims for deductions.

Special Investigations Section

The Special Investigations Section develops sources of data for future use and investigation and informs the district offices of the information available. It prepares fraud investigation cases of national and international proportions and assists the district offices in conducting major or complicated investigations. It reviews the applications of the district offices for search warrants, studies recommendations for prosecution or imposition of penalties and it reviews the reports of special investigations in progress in the district offices. The review function of this section is organized into three groups: Western, Central and Eastern. It deals extensively with the district offices, especially the Special Investigations Sections and it maintains a liaison with a variety of Canadian enforcement agencies and also with foreign income tax authorities, especially the U.S. Internal Revenue Service. Contacts with the latter arise out of the investigation of suspect taxpayers with operations in both Canada and the U.S.A.

Review Section

The work of this section is organized into taxpayer-type categories: oils and mines, manufacturing, professionals, individual employees, etc. Reviews of the assessments of the district offices and the Data Centre are conducted on a test basis in an effort to ensure that the Income Tax Act and related regulations and instructions are uniformly interpreted and applied. This section is also responsible for providing both advice and assistance to the district office review sections and generally overseeing the quality and efficiency of their work. Direct assistance is usually given to the smaller offices working on large files, or to larger offices working on the audit of national or international organizations. The Section is frequently called upon to provide opinions or decisions on assessing matters which have been referred to the Head Office from the districts. The matter may either involve questions of concern to the districts or disagreements between taxpayers and the district offices. On a formal basis, this section deals with the district offices and with the taxpayer or his representative.

Technical Section

This section, composed mainly of highly technically qualified personnel, is responsible for studying the decisions of the Head Office Appeals Sections, the Tax Appeal Board, the courts as well as the recommendations of district offices or Head Office personnel for the purposes of effecting the changes needed in the legislation and regulations, and in the assessing guides and instructions. The Technical Section is also required to furnish advice and information to the review sections and other units of the district offices about income tax interpretations not covered by current rulings. It maintains a liaison with the Head Office Appeals Section, particularly in the case of involving assessing policy or practice. It deals with requests made by the Head Office review sections or by the district offices for opinions of the Legal Branch. Finally, it works with the Advisory Section of the Legal Branch, the Finance Department, and the Justice Department, in connection with changes in legislation and regulations.

Provincial & International Relations Section

This section was established in 1961. It consists of two men only the supervisor and his assistant. All the work of this section arises out of the Dominion-Provincial tax

collection agreements and from tax treaties negotiated with other governments. This section directly assists the Finance Department in negotiation and drafting of international treaties and it studies the assessing problems that develop in their application. Requests by foreign countries, or by Canada, for new tax treaties are first handled at the diplomatic level by the Department of External Affairs. The Finance Department then assumes responsibility for the drafting of the treaties in negotiation while the Taxation Division plays a supporting role. In addition to the regular contact with the Department of Finance, the Provincial & International Relations Section has some contact with other Federal Crown Corporations, e.g. Polymer, in connection with the taxation of their activities abroad. At the international level, constant liaison is maintained with the local, posted representatives of the U.S. Government's Internal Revenue Service. This liaison is necessary because of the large number of individual corporations with revenue generating activities in both countries. Most of this section's contact at the provincial level is with the Province of Quebec. Contact with Quebec has become more frequent and involved in recent years because of a general acceleration in the opting-out legislation of the Federal Government and the resultant need for detailed planning and

integration of the program administered separately by the two levels of government. The tax collection agreements with other provinces do not necessitate very much contact at all.

Estate Tax Section

The Estate Tax Section operates quasi-independently of the other sections and for the purposes of estates tax assessment; it assumes responsibility for the full range of functions which, in income tax assessments, are divided among a number of different sections. It spot-checks and approves estate tax assessments made by district offices and advises them on specific problems. It maintains liaison with the Head Office Appeal Sections on estate tax appeals and, on behalf of selected district offices, it makes evaluations of securities, businesses and private companies for estate tax, gift tax, and income tax purposes. Its extra-divisional contacts are limited to the Finance Department to whom it provides information for carrying out provincial agreements. It also provides information for taxpayers and their representatives with whom it frequently meets to discuss estate tax assessment matters.

THE ADMINISTRATION BRANCH

The activities of the Administration Branch are organized under two distinct groups. The first, headed by a superintendent reporting to the Director of the Branch is the regionally-oriented District Office Administration Section. The second section, headed by a controller who also reports to the Branch Director, is an amalgam of diverse staff functions oriented to the Division as a whole. The Head Office Services Group and the recently-established Canada Pension Plan Group also report to the Director.

District Office Administration

This grouping consists of three recently organized sections: Computer Systems; Collections, Technical & Operations; and Non-Computer Systems. Most of the personnel employed in this area are in the "Administrator" or "Computer Systems Programmer" classifications. Collectively, the three sections are concerned with developing and maintaining appropriate control over revenue collected by the Division. They bear responsibility for all accounting, collection, tax control, tax deduction and non-resident tax procedures used in the district offices. In addition, these sections study programs and procedures, design computer systems, and maintain accounting and other related procedural manuals. Although these sections are not the largest in the Administration Branch in terms of numbers employed, they are generally regarded as being the most important.

Personnel, Organization and Financial Services

These sections, under the supervision of the Administration Branch Controller, provide a variety of administrative services to the Division as a whole. The Personnel Section implements, administers and recommends changes in the Division's personnel policies and procedures. It provides general direction to the regional personnel officers, maintain liaison with the control agencies and prepares personnel manuals. The Organization & Classification Section is involved in the review of organizational patterns and in the establishment of job classifications across the Division. The Financial Services Section prepares estimates, and controls day-to-day divisional expenditures; it purchases supplies and provides services and advice on office space and office equipment. This section deals with other Head Office branches and sections and with all the district offices. It maintains liaison with the control agencies and deals with outside suppliers.

Canada Pension Plan Section and Head Office Services

The Canada Pension Plan Section, the most recent addition to the Division, develops enforcement procedures for the collection of contributions under the recently-implemented Canada Pension Plan. For this purpose, constant contact is maintained with the Health and Welfare Department. The

Head Office Services Group provides the other Head Office units with a variety of services which include a central registry, a stenographic and typing pool, reproduction services, and Head Office supplies.

THE PLANNING AND DEVELOPMENT BRANCH

This branch, perhaps more than any other in Head Office, performs a genuine staff function. It is responsible for the development of long-range studies and plans, for the entire Division. It conducts a variety of research projects including studies of tax averaging schemes and tax models. The Branch studies trends in the use of manpower, machinery and equipment, and other allied subjects. It gathers, analyzes, and publishes, statistical information on taxation revenues and on the Division's operations. For these purposes, it is organized into three sections: Computer Programming, Research, and Statistics.

The Computer Programming Section's responsibilities are twofold. It does all the computer programming for the routine operating procedures in Assessments and Administration and designs computer systems and data processing programs for non-standard, non-routine functions in other areas of the Division. The Research Section's prime

responsibility is to deal with the special requests for information from outside groups, that is, the public in general and other government agencies or departments. The Statistics Section is a clerically-oriented operation. Much of the work of this section is detailed and mechanical and includes key-punching, tabulating and proofing; periodic reports and year-end statistics are produced by this section.

The intra-divisional contacts of the Planning & Development Branch are limited to other Head Office branches. Externally, the branch deals with the Finance Department, Treasury Board, Dominion Bureau of Statistics, and the public. Contacts with the public are irregular and ~~usually~~ arise out of enquiries about the Division's computer system designs.

THE INSPECTION BRANCH

The Inspection Branch has two main functions: to conduct a periodic audit of the operations of the district offices and Head Office, and to present a report of the results to the Deputy so that corrective action may be taken through the Head Office Branch directors. The audits include a review of records, documents and files and analyses of operating statistics, and a discussion with and rating of the management personnel concerned. The specific aim of each audit is to determine how effectively

the objectives are being achieved, and if planned policies and procedures are being followed. The ultimate purpose of the Inspection Branch's work is to improve security and administration within the Division.

Inspection activities were originally conducted by internal officers attached to the various offices in which the inspections were conducted. In 1948, the Inspection Branch was organized along its present lines. All inspectors in the Branch are assigned to one of three travelling inspection groups, each group being supervised by a senior inspector who reports to the Assistant Director.

The Branch conducts two types of inspection: a "full" inspection and a "short" one. The full one, lasts anywhere from two to four weeks depending on the size of the office being audited and is intended to cover comprehensively all facets of the office's operations; the short inspection, lasting about a week or a little more, is intended to serve a follow-up to the full inspection. A two-day review of all reports on full inspections is conducted at the office involved, by the Deputy, the Head Office Assessments Director, the Head Office Administration Director, the senior management of the district office involved, and a representative of the Inspection Branch. The short inspections are

reviewed at the Head Office with only the district directors and the two Head Office directors present.

The dealings of the Inspection Branch are almost exclusively limited to organization units within the Division contacts emerge in the course of the Branch's reviews in the 29 district offices, the Data Centre and the Head Office branches and sections. The Auditor General's Department constitutes the Branch's only recurring extra-divisional contact.

APPENDIX BTHE TYPICAL DISTRICT OFFICE: FUNCTIONS AND CLIENTELETHE ASSESSMENTS BRANCH

The Assessment Branch, headed by the Chief Assessor, is responsible for the effective assessment of income and estate taxes in the district. The Branch is functionally divided as follows: business assessing, field examination, desk examination, review and appeals, special investigations and estate and gift taxes. The Assessing Branch does the follow-up with the taxpayer on all problems of personal income tax returns referred from the Data Centre. Corporate income tax assessing is handled entirely by the Assessing Branch. Work on corporate tax returns are divided among sections of the office according to volume of sales. For example, large business firms are handled by certain sections while medium and small businesses are handled by others. The Review, Appeals, and Special Investigations Sections are support groups responsible for maintaining the quality of assessing, handling taxpayer objections, and investigating cases of suspected fraud, respectively. In the course of their work, the supervisory personnel have extensive contact with taxpayers and their representatives who including lawyers, accountants, and auditors.

Intra-divisionally, they deal with, and receive advice from, their Head Office counterparts. The Chief Assessor is responsible for developing each year a tax assessment program designed to make efficient use of the anticipated manpower level. He refers to, and uses, the reports of the Review and Appeals sections in an effort to improve assessing standards. Generally, he is responsible for preparing organizational and establishment estimates, for directing, reviewing and controlling the work plans of the section heads, the local work load studies, the staff training and development plans and for the implementation of Head Office policies affecting his Branch. In the area of communications, the Chief Assessor is responsible for keeping Head Office informed of developments in his branch and in turn for informing his subordinates of Head Office policy. He is in frequent contact with the Head Office Director of Assessments.

THE ADMINISTRATION BRANCH

The Administration Branch, under the Supervisor of Administration, is responsible for the effective and proper tax collection and accounting in the district. He is also responsible for the maintenance of an accurate tax roll of taxpayers and for the use of working space and equipment. The Administration Branch is organized under

three organization units: Accounts, Taxroll and Office Services. The Accounts Section, the second largest of the sections, normally incorporates the collection, accounting and cash ledger control routines. The Supervisor of Administration is responsible for maintaining a taxroll build-up program in an effort to obtain greater tax compliance. Like the chief assessor, he is responsible for the direction, review, and control, of the activities of his branch; this includes the preparation of organization and establishment estimates, staff training and development, and Head Office policy implementation.

THE PERSONNEL BRANCH

The Personnel Branch, under the supervision of the Personnel Officer, is responsible for workforce maintenance and records. Since the personnel group is small, the Personnel Officer becomes the focal point for most related activities. He interprets, explains and implements personnel policies at the local level. He receives guidance from the Head Office, has some contact with the control agencies and maintains direct or indirect liaison with the local recruiting sources which include universities, high schools, and professional accounting associations. He is responsible

for the recruitment, selection, placement and orientation of personnel and for staff rating, pre-retirement and separation procedures and programs, -- he works closely with other branch heads in all these matters. Finally, the Personnel Officer handles both staff association and individual grievances and is responsible for the suggestion award systems and disciplinary action.

